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ABSTRACT

This second annual report of the National Commission for Manpower Policy focuses on an employment strategy to attain the goal of full employment. In Section I the Commission's recommendations from the text are summarized into twenty steps to establish an employment strategy. Section II provides background information on the definition of employment strategy, the evolution of manpower policy in both the public and private sectors, and the threat of high level unemployment. In Section III the strategy is delineated: the first step is to make a national commitment to achieve full employment; the second to establish interim targets of reduced unemployment levels by both public and private programs; and the third to implement the following measures: (1) new and improved programs aimed at employment of the young; (2) intensified efforts to move persons from income-transfer support to training or jobs; and (3) strengthening manpower programs and institutions by developing antirecessionary strategy, improving manpower knowledge and information base, and eliminating prejudice. Following Section IV, the Commission's agenda for 1977, are three appendixes and three addenda. The appendixes recapitulate previous recommendations by the Commission, list its reports and publications, and account for its activities, staff, sources, and funding. The addenda list its meetings, conferences, and commissioned works. (EG)

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Second Annual Report
to the President and the Congress of the
National Commission for Manpower Policy
*An Employment Strategy for the United States
Next Steps*

U.S. DEPARTMENT OF HEALTH,
EDUCATION & WELFARE
NATIONAL INSTITUTE OF
EDUCATION

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Report No. 5

National Commission for Manpower Policy
Suite 300, 1522 K Street, N.W.
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December 1976

CE 015 897

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NATIONAL
COMMISSION
FOR
MANPOWER
POLICY

December 17, 1976

To the President and the Congress of the United States:

In accordance with the requirements set forth in Title V of the Comprehensive Employment and Training Act (P.L. 93-203, December 28, 1973), I submit herewith the *Second Annual Report* of the National Commission for Manpower Policy.

This report carries the subtitle, *An Employment Strategy for the United States - Next Steps*, which conveys the direction and emphasis of the Commission's recommendations.

Since the Commission was established when the economy was beginning to slip into its most severe recession since World War II, it has focused its attention on the problems created by the rapid rise in the unemployment rate, which has remained at a high level. Nevertheless, from its inception, the Commission has been aware that it is under a Congressional charge to provide guidance for the shaping of a national manpower policy. In this *Second Annual Report* it seeks to be responsive to this charge.

The employment strategy that is the heart of the Commission's report starts with the importance of the nation's making a commitment to full employment, which we define as an approximate balance between the number of job opportunities and the number of jobseekers able and willing to work at existing wages. But the Commission's analyses and recommendations are based on the fact that the goal of full employment can be turned into a reality only if our society sets and achieves a series of interim goals which reflect increasingly lower levels of unemployment.

While the members of the Commission are in broad agreement as to the thrust and direction of the employment strategy, the specific goals and targets, and the programmatic efforts required to accomplish them, it should be noted that this does not imply that every member subscribes entirely to the specific

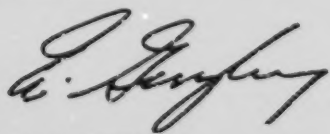
content and wording of each of the recommendations. However, the report does represent a consensus of their views.

The principal components of an employment strategy which the Commission addresses are: dovetailing manpower policy with macro-economic policy; new and improved programs directed to inner city and rural, unemployed and underemployed youth who are unable, on their own, to get jobs with career prospects; improved linkages between the educational system and the world of work; intensified efforts aimed at moving an increasing number of employable persons from income-transfer support into training or employment in the private or public sectors; strengthening the manpower infrastructure by putting into place an antirecessionary program that can be triggered on or off, according to changing levels of national and state unemployment; broadening and deepening the training apparatus; adding to the knowledge and information base so that even larger manpower programs can be made more responsive to the needs of the individuals whom they seek to serve.

The Commission is heartened by the fact that the employment issue is moving toward the top of the nation's agenda. It views the increasing concern of all sectors - government and nongovernment - with the goal of full employment - and the interim goals that must be achieved along the way - as evidence that the American people appreciate the dangers to the nation and the burdens on the individual which result from continuing high levels of unemployment.

The Commission is convinced that the large human, social, and economic costs that accompany continuing high levels of unemployment can be mitigated and eventually eliminated if the nation's leaders assume responsibility for implementing an employment strategy which will enable all sectors of the nation - private, nonprofit and government - to participate in expanding productive employment opportunities for all who are able and willing to work.

The Commission hopes that this *Second Annual Report* will contribute to the design and implementation of a national employment strategy and it looks forward to a continuing role in improving that strategy in light of emerging developments.



ELI GINZBERG
Chairman

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I. SUMMARY OF RECOMMENDATIONS

This summary presents the major recommendations developed by the National Commission for Manpower Policy in its *Second Annual Report*. The full recommendations, together with supporting analyses, are contained in the text of the report.

The Commission recommends the following steps to establish an employment strategy for the United States:

(1) *Early action by the Congress to insure that full employment is a national commitment. The pursuit of this goal should have priority until it is realized.* The Commission holds that full employment is attained when the number of job opportunities approximates the number of jobseekers able and willing to work at existing wage levels.

Since the number of jobseekers changes in response to a wide range of individual, market, and societal forces, full employment is a movable rather than a fixed goal. Since the proportion of individuals seeking to work full-time or less than full-time during a year or throughout their active adult lives is likely to change as the society and the economy change, the Commission recommends that:

(2) *The Congress, in establishing a national commitment to full employment, adopt a measure other than a specific unemployment rate, which may not be appropriate for some future time when the nation may be closer to a balance between job opportunities and jobseekers.*

(3) *Since progress toward the goal of full employment requires the establishment of interim targets, each step must be monitored and, when indicated, corrective actions initiated; moreover new targets must be set as earlier ones are reached.*

(4) *Three measures be used to assess the nation's progress toward full employment: the unemployment rate, the net change in the number of employed persons, and the changes in the unemployment rates of groups characterized by differentially high unemployment.*

(5) *The President and the Congress set, as a target to be achieved within four years, an unemployment rate of 5 percent and that special efforts be made to reach this objective prior to the end of 1980.*

The importance of measuring the progress of the nation in achieving full employment in terms of net new jobs created stems from the fact that the unemployment rate is directly affected by large fluctuations in the numbers who enter and leave the labor force. The President has suggested a job expansion of 2.5 million in 1977. In the Commission's view, achieving this goal would represent a marked improvement in the employment situation. Consequently, the Commission recommends:

(6) Intensive efforts in the four-year period ahead, 1977-1980, by the leaders of government, business and labor working together to establish a climate conducive to achieving a rate of job formation in the range of 2.5 million per year.

Since it is estimated that the labor force will grow in excess of 1.5 million annually, if the nation is to achieve a 5% unemployment target by 1980, it will require a continuing high rate of job expansion.

In the Commission's view, there is little prospect that the nation will achieve a 5% unemployment rate by 1980 through the use of macro-economic instruments—that is, through budget deficits, tax reductions, increased expenditures, and changes in monetary policies—without rekindling the dampened, but not extinct, embers of inflation. Therefore, the Commission urges the considerable expansion of manpower programs which, when carefully correlated with macro-economic policies, can provide the underpinning for sustainable economic development with significantly lowered unemployment helping to hold the threat of renewed inflation at bay.

The third interim target that must be aggressively pursued is the more rapid reduction in the unemployment rate of disadvantaged groups, particularly those whose members are characterized by low skills, low income, minority status, or limited job experience. The unemployment rate of black adults has been twice the national average over most of the last two decades. Minority youth currently have an unemployment rate five times the national average. Accordingly, the Commission recommends that:

(7) The unemployment rate for members of disadvantaged groups be carefully monitored by the Joint Economic Committee of the Congress and, unless the gap between their unemployment rate and the aggregate unemployment rate is being narrowed steadily and substantially, their labor market difficulties be reassessed so that federal manpower programs can be rechanneled better to serve their needs.

The Commission believes that there is a need to create employment opportunities for many who currently receive income transfer support. To accomplish this, the Commission proposes an "assured jobs program" which

will provide work, on a voluntary basis, for those with low family income and a demonstrated labor force attachment, who have been receiving unemployment compensation for at least 15 weeks.

This program would consist of pilot projects in ten sites to be selected by the Secretary of Labor on the basis of plans submitted in response to his specifications. The principal aims of such a program would be: (a) to learn more about the preferences of unemployed individuals for work, even for modest pay; (b) to test the capability of local governments to prepare worthwhile projects, the work forces on which would not compete unfairly with regular employees who receive prevailing wages and benefits; and (c) to learn about some other dimensions involved in the government's capacity to assure jobs, at modest wages, to unemployed individuals with a labor force attachment, (e.g., potential scale, supervision, transition to regular employment, etc.). In order to be eligible for these "assured jobs," applicants would have to meet an income test, such as that recently written into Title VI of the Comprehensive Employment and Training Act (CETA).

The Commission recommends, then, pilot projects at ten sites, at two of which the requirement of prior labor force attachment might be waived, which would create jobs for a maximum total of 50,000 enrollees, at an annual cost of about \$6,000 per job. Accordingly, the Commission recommends:

(8) The appropriation of \$300 million for a two-year demonstration program of "assured jobs" with a maximum enrollment of 50,000 workers in 10 selected sites.

The Commission notes that the second Congressional Budget Resolution provides for a maximum of 500,000 CETA Title VI public service jobs and that funds have been appropriated up to the present for 260,000. In light of the current disturbingly high unemployment rate, the Commission recommends that:

(9) The Congress, as soon as possible, appropriate funds to increase the level of CETA Title VI public service employment to 500,000.

The Commission makes this recommendation despite its previous warnings about the dangers of a rapid expansion of PSE. In now recommending the expansion to 500,000 PSE jobs, the Commission has been encouraged by recent improvements in the legislation governing PSE, such as the use of the project approach, which minimizes the likelihood of prime sponsors substituting federal dollars for their own thereby eroding the job creating potential; the involvement of nonprofit and community based organizations; the necessity that enrollees meet an income test and that the target populations consist of persons who have been unemployed for 15 or more weeks, exhausted their unemployment benefits, or are on welfare.

The Commission is convinced that none of the objectives cited above, the 1980 5% unemployment target, an annual average rate of job creation in the 2.5 million range and a faster than average reduction in the unemployment rates for disadvantaged groups, can be achieved by the federal government alone. To accomplish each goal will require a national effort which will involve every major sector of our society, including state and local governments, business, labor, nonprofit institutions, and community based organizations. Since the private sector is the cutting edge of the American economy and since two out of every three jobs are in the private sector, the only prospect of achieving accelerated job expansion, reduction of unemployment, and the absorption of large numbers of the disadvantaged into the regular economy is through the active involvement of business and labor, working in close association with government toward the accomplishment of these priority national goals. Accordingly, the Commission recommends that:

(10) The President-elect, early in his administration, explore with the leadership of the groups named above, particularly the leaders of business and labor, the ways in which they can most effectively participate in helping the nation to achieve its employment objectives. There should be continuing dialogue and interaction in which the private sector is encouraged to make an input into governmental manpower policy at the same time that it agrees to a more active role in implementing manpower programs.

Since almost half of the 7.8 million unemployed are young people between the ages of 16 and 24, the Commission recommends a sizable manpower effort over and above that currently supported under the Comprehensive Employment and Training Act. It further recommends that much of the \$2.3 billion of CETA funds now expended on services for youth be reprogrammed along the following lines.

Most young people experience some difficulty in transition from school to work and could profit from a greater infusion of career elements into their educational experience. The center of the Commission's concern, however, is young people, in or out of school, from disadvantaged backgrounds who lack competence and skill and who, if they are not helped, may never make an effective link to the world of work. Accordingly, the Commission recommends:

(11) The development of a stronger youth program focused on improving the employability and employment of the nation's disadvantaged youth. Such an approach should include:

(A) A doubling of the Job Corps level to serve an additional 2,000 youth. This expansion should be contingent on the establishment of training-job linkages, such as those currently in effect whereby construction unions supervise pre-apprenticeship training in selected centers and guarantee employment for graduates.

(B) The conversion of the Youth Conservation Corps program from an eight-week summer program to a year-round training program for 50,000 young people from low income families, particularly (but not exclusively) those from rural backgrounds.

(C) The establishment for 400,000 in-school youth of a year-round, skill training and work experience program which can pay training stipends to disadvantaged youths who otherwise would be unprepared to obtain and keep jobs when they leave school. The success of the effort will require, at a minimum, strong local leadership which should include educators, labor, community based organizations, local government officials and the involvement of employers, both large and small, in every sector—private nonprofit and government—to assure an adequate number of suitable training and work experience opportunities.

(D) The expansion of training and employment programs for out-of-school, unemployed youth between the ages of 18 and 24 who are so discouraged that they have ceased looking for work. The Commission recommends a program which will serve 250,000 youth. The Commission hopes that different communities will explore different program designs to implement this effort. It is convinced that well managed programs which will provide meaningful work, strong training components and, above all, close linkages with employers, will substantially assist these young people to move into regular employment.

The combined cost of the four programs focused on assisting disadvantaged youth will require \$1.5 billion of new expenditures and a refocusing by the CETA prime sponsors of \$1.5 billion of the several billion dollars of CETA funds now expended on services for youth.

The Commission is concerned about the high unemployment rate among young veterans, especially those who belong to minority groups. Accordingly, the Commission recommends that:

(12) The President establish a new interagency committee of representatives from the Departments of Defense, Labor, and Health, Education and Welfare, the Veterans Administration, and Office of Management and Budget to determine the scale and scope of training and related manpower services that will enable these young people to make the transition to civilian life and employment. The Commission recommends that Congress appropriate the funds required to the Department of Defense to help prepare prospective returnees.

In 1975, in the face of a deepening recession, the Commission recommended to the Congress that Federal Supplemental Benefits (FSB) be paid to unemployment insurance beneficiaries for an additional 26 weeks, up to a total

of 65 weeks. Now, however, the Commission recommends that this legislation, which will expire at the end of March 1977, not be reenacted. In consonance with its belief that it is better for employable persons to work or to be in training for work than to receive extended unemployment compensation benefits, the Commission recommends that:

(13) (A) *In lieu of further FSB, which cost about \$3.3 billion in FY '76, this funding be rechanneled for manpower services, e.g., public employment jobs, training opportunities, or mobility allowances, to help meet the needs of persons who have exhausted their UI benefits, and who meet an established criterion of need. However, since the FSB program may be terminated prior to the expansion of alternative manpower programs, Congress should consider a brief extension of the FSB program up to September 30, 1977, to permit an orderly phase-down and the transition to manpower programs of those in continuing need of assistance.*

(B) *The scale of placements in the WIN program be doubled during the coming year, through greater reliance on placing employable WIN enrollees in PSE jobs in local governmental or nonprofit organizations such as schools, child care centers, and hospitals. The cost of such an expanded effort would be in excess of \$400 million. In addition to more intensive placement efforts, it would be desirable to provide occupational training for some WIN registrants so that they could compete for more than the lowest paying and least attractive jobs.*

At present, registrants under WIN and the Food Stamp program are subject to different work tests but, informed federal officials believe that the over \$30 million expended annually on applying the work test to food stamp recipients is not productive. The Commission recommends that:

(14) *The two work tests for Food Stamps and WIN be standardized and if the Employment Service cannot find job placements in the private sector, it should refer employable persons to programs (primarily CETA prime sponsors) which provide training or employment in a public service job.*

Despite its preference for work instead of welfare, the Commission recognizes that many millions of individuals need extended income transfers for reasons of health, family responsibility, age, or because of a lack of employment opportunities. The Commission therefore recommends:

(15) *Early Congressional action to strengthen the existing income maintenance system by establishing a minimum level of federal benefits for all individuals and families.*

If the Administration and the Congress seek additional reforms of the income transfer system these should include:

(16) Legislative and administrative changes that would strengthen work incentives by providing income supplementation to the working poor so that they receive more income for working than for not working.

Since the severe recession of 1974-75 demonstrated the need that the nation have an antirecessionary manpower program in place before unemployment rises again, the Commission recommends that:

(17) A permanent, standby antirecessionary program be put into place and that it contain at least the following elements:

(A) Expanded remedial education and basic skill instruction which will be available in a period when the net social cost of training is lower because many potential trainees cannot find jobs.

(B) A program of antirecessionary public service employment, involving federal, state, and local governments, nonprofit agencies and community organizations.

(C) An inventory of selected antirecessionary public works, including community development projects which would employ considerable numbers of unskilled residents in low income areas.

(D) Countercyclical revenue sharing arrangements with the states and localities which will help them maintain basic public services.

Although the federal government became involved in manpower programs in the early 1960s in an effort to provide retraining for skilled workers who had lost their jobs, the Commission believes in the importance of quality training for enhancing the employability and employment of the hard-to-employ who, by definition, lack skills and competences. The quality of the training component in manpower programs has also declined during the recent recession, in part because prime sponsors under CETA have sought to stretch their dollars over the largest number of enrollees. In light of these weaknesses in the training effort, the Commission recommends that:

(18) (A) The Department of Labor, in association with the Department of Health, Education, and Welfare, provide technical assistance to prime sponsors who desire to strengthen their training facilities and programs.

(B) Congress provide the Secretary of Labor with an additional \$100 million for incentive grants to be distributed among prime sponsors,

on a competitive basis, who agree to strengthen their training efforts and to reallocate some of their Title I funds to this end.

(C) In view of the substantial reduction in on-the-job training in the private sector during the recent recession, the Secretary of Labor should launch a renewed effort to encourage the nation's major corporations to accept targeted numbers of hard-to-employ persons, including those who have exhausted their unemployment insurance benefits, out-of-school youth, and employable persons on the welfare rolls. The key elements in such a drive would include a basic training subsidy of around \$2,000 to \$3,000 per person, simplified administrative and recordkeeping requirements, and an effort to create public understanding and appreciation of the importance of this effort.

Since the outlays for manpower programs in Fiscal Year 1976 totaled around \$4.8 billion and since several billion additional dollars are required to implement the recommendations contained in this report, the Commission considers it essential that the knowledge and information base which informs the design, implementation, and evaluation of these manpower programs be broadened and strengthened. The Commission therefore recommends that:

(19) (A) *Congress provide that 1% of total program appropriations be devoted to research and 2% be utilized for experimental and demonstration programs. The Commission notes that it is less expensive for the nation to invest small sums in determining whether a new approach would be effective than to establish a new program and to learn later that the approach is inherently flawed.*

(B) *With respect to experimental and demonstration efforts, the Commission recommends a range of exploratory approaches, including:*

- *New ways to use tax and other financial incentives to encourage employers to hire, train and retrain hard-to-employ persons;*
- *The potentialities of "supported work" projects, directed to enhancing the employability and employment of such difficult-to-place groups as ex-offenders, ex-drug addicts, female heads of households who have been out of the labor force, and ex-mental patients;*
- *Development of part-time employment opportunities in public agencies or community organizations close to the homes of women on welfare with young children and senior citizens who would welcome the opportunity of being engaged in useful work.*

The effectiveness with which the federal dollars are translated into manpower services for unemployed and underemployed persons throughout the country depends on the effectiveness with which these programs are designed, coordinated, and delivered. The Commission has been given a continuing responsibility by the Congress to address the effectiveness and coordination of manpower and related programs. In April 1977, it will submit its second major report on the coordination of manpower and related programs. The Commission recommends, at this time and prior to the completion of that report, action along the following lines:

(29) (A) *Arrangements within the Executive Branch of the federal government to assure improved coordination at the decisionmaking level between the macro-economic decisionmakers and those responsible for manpower policies and programs.*

(B) *The Congress hold periodic meetings of the Joint Economic Committee and the Committees on Labor in the House and Senate to assure simultaneous consideration of macro-economic and manpower policies. To facilitate such coordination, the Employment and Training Report of the President should be recast to provide policy guidance and, together with the reports from the Council of Economic Advisers, serve as a point of departure for Congressional exploration and assessment.*

(C) *Every level of government (federal, state and local) seek to increase the participation of the principal nongovernmental sectors, particularly business, labor, and community-based organizations in the design, management and operation of manpower programs. The Commission believes that one of the most serious shortcomings in the manpower arena since the early 1960s has been the failure to involve these nongovernmental groups.*

The principal program recommendations advanced in this report of the Commission can be summarized as follows:

- An expansion of proven existing programs, such as WIN, the Job Corps, and public service employment;
- A rechanneling of financial resources now paid to unemployment compensation beneficiaries for more than 39 weeks to manpower training and employment;
- A reprogramming of the summer and in-school youth efforts into a year-round program for in-school youth to provide training and structured work experience;

- Creation of a new employment and training program for disadvantaged inner city and rural out-of-school youth.

The financial resources required to accomplish the most expensive of these initiatives, that of expanding the current level of PSE under Title VI of CETA from 260,000 to 500,000 jobs, have already been provided for in the second Congressional Budget Resolution, but the funds must still be appropriated.

The expansion of the services for disadvantaged youth can be largely accomplished by a rechanneling of a significant portion of the almost \$2.3 billion currently expended on manpower services on their behalf. Over the next two years, to allow for new and improved mechanisms to be put in place and expanded, additional funds of up to \$1.5 billion may be required.

A substantial amount of federal monies are currently expended to provide benefits to those receiving unemployment compensation beyond thirty-nine weeks. Such funding should be used, instead, to expand the training and employment opportunities for those presently receiving Federal Supplemental Benefits.

The total net new appropriations spread over FY '77 and FY '78 would be in the range of \$4.5 billion. At the peak level of enrollment, some 780,000 people would be provided services by this increased level of resources, and this could decrease the unemployment rate by about one half of one percent.

The Commission, in recommending sizable additional funding for manpower programs, is not oblivious to the size of the federal deficit and the undesirability of adding to it. However, the Commission is influenced by the following considerations:

- High unemployment is a major cause of the large deficit;
- Unless the high unemployment rate is reduced, the deficit will increase;
- Assisting hard-to-employ persons to acquire skills and enhance their employability would add to the growth potential of the economy which holds the greatest promise of avoiding further deficits.

The Commission's plans for 1977 include a continuing assessment of the actions taken to implement the foregoing recommendations and the progress that is being made to achieve the goals set forth. On the basis of this continuing assessment, it will formulate revised and new recommendations to assure that the nation moves as rapidly as possible towards the achievement of full employment.

The Commission will continue to be responsive to its specific Congressional charges. These include several new mandates: a study of the substitution effects of PSE; advising the newly established National Commission on Employment and Unemployment Statistics; working with the National Advisory Council on Vocational Education; and offering counsel to the new National Commission on Unemployment Compensation when it is established. As noted earlier, the Commission is preparing a major report to the Congress on the delivery and coordination of manpower programs.

The Commission will also pursue investigations in the following aspects of an employment strategy:

- immigration policy and illegal immigrants;
- the factors affecting the rate of job expansion, including the influence of foreign trade policy, taxes and other barriers to the expansion of employment;
- the employment outlook in health, scientific and other technologically based industries;
- the manpower implications of the nation's energy policy;
- the experience of Organization for Economic Cooperation and Development countries in dealing with their employment problems and the relevance of this experience for the United States.

II. BACKGROUND

A. An Employment Strategy Defined

The following are the constituent elements of an employment strategy, the outline of which is the central focus of the Commission's *Second Annual Report*. The present position of the economy and the level of its performance over the past several decades have created the challenge of how existing and new structures and instruments of decisionmaking in and out of the federal government can be used more effectively to increase and maintain a higher level of employment.

The principal elements in the proposed employment strategy are:

- A national commitment to full employment;
- The setting of interim targets and monitoring progress towards full employment;
- The correlation and integration of macro-economic and manpower policies;
- The targeting of federally financed manpower programs on persons most in need;
- Major involvement of private sector leaders from business, labor, and community groups in planning and implementing manpower programs;
- Providing work in lieu of income transfer support for employable persons, with a minimum level of family assistance for those who cannot work;
- Improving the transition of young people from school to work by providing year round opportunities for them to obtain occupational skills training and work experience *while* they continue their education;
- Special employment programs with a training component directed to out-of-school disadvantaged youth who are unemployed and have little prospect of or capacity for a good job;

- Putting into place a standby antirecessionary manpower program that would be triggered on and off as the economy goes into a recession or recovers from one;
- Expanding the knowledge and information base that serves as the foundation for developing manpower policies, for necessary progress toward the nation's employment goals, and for assessing the effectiveness of manpower programs.

A national commitment to full employment written into law and reinforced by Presidential leadership is a basic element in the formulation of an employment strategy. Full employment is defined as the approximate balance between the number of job opportunities and the number of jobseekers able and willing to work at existing wages. Since a modern complex economy and society such as ours is under internal and external pressure to achieve a great many competing, as well as complementary, goals, progress toward the full employment goal requires a set of interim targets, a method of monitoring the progress toward them, and adjustments, if necessary, in plans and policies to realize ever more ambitious targets.

The principal instruments available for influencing the level of employment are macro-economic policies, such as federal expenditure, tax, budgetary, and monetary decisions. But the key decisions about the shape and direction of the economy are made by corporations which invest, consumers who decide between spending and saving part of their disposable income, trade unions which seek better conditions and rewards for work, and many other groups, domestic and foreign.

Since macro-economic policies of the federal government alone cannot assure the full utilization of the nation's human and physical resources, particularly in a period which is still experiencing an inflationary virus that could easily be reactivated, the U.S. must look to manpower policies to improve the employability and employment of large numbers of unemployed and underemployed persons, particularly those with the disadvantages of minority status, family disruption, low income, and poor educational preparation. The effectiveness of an employment strategy will depend in large measure on the coordination between the macro-economic and manpower policies of the federal government and the extent to which representatives of the principal nongovernmental groups in the society, particularly the business and labor sectors, actively participate in the decisionmaking and implementing processes.

The success that the nation can achieve in the employment arena will depend, in considerable measure, on its ability to strengthen its commitment to the work ethic. Accordingly, an employment strategy must address the line of assuring that persons capable of working are encouraged to do so and that they are not provided with income transfer support which would encourage them

not to work. Therefore, an integral element in an employment strategy is to provide manpower services in the form of training and/or employment for employable persons so that they will have the opportunity to work rather than receive income transfer support for long periods of time.

Since nearly half of the nation's unemployed persons are between the ages of 16 and 24 and since a failure to secure an effective employment affiliation at the start of one's working life can have untoward consequences for the whole of one's working life, an employment strategy must pay particular attention to the needs of young people who, while still in school or who upon leaving, experience difficulty in making an effective transition into the world of work because of their poor preparation, inadequate socialization, and the discrimination they encounter.

Finally, an employment strategy requires antirecessionary mechanisms that can be activated when the economy slows down and deactivated when an expansion occurs; strengthening the manpower training structures to facilitate people's acquiring essential skills, improving the knowledge and information base so that policies can be made more responsive to the problems that exist or are likely to develop; assuring that the delivery of manpower services is constantly improved so that the dollars appropriated are translated into skills acquired and jobs obtained by those who most need them.

B. The Evolution of Manpower Policy

1. Federal

The passage of the Employment Act of 1946 committed the federal government to use all of its powers to promote the operation of the economy at the highest sustainable level of output, employment and income. The preamble to that legislation points up the complexity of purposes, policies, and sectors that are involved:

The Congress declares that it is the continuing policy and responsibility of the Federal Government to use all practicable means consistent with its needs and obligations and other essential considerations of national policy with the assistance and cooperation of industry, agriculture, labor, and state and local governments to coordinate and utilize all its plans, functions and resources, for the purpose of creating and maintaining, in a manner calculated to foster and promote free competitive enterprise and general welfare, conditions under which there will be afforded useful employment opportunities, including self-employment for those able, willing, and seeking to work, and to promote maximum employment, production and purchasing power.

In enacting this legislation, Congress recognized that the exclusive reliance on a self-regulatory market to keep human and other resources fully employed could no longer be depended on. That was the lesson of the depression of the 1930s. Its moral was the enlargement of the role of the federal government in economic decisionmaking.

Over the next 15 years, the federal government experimented with macro-economic policies. The most important of these were budget deficits and tax changes to counter deflationary trends. In addition, during the period of the Korean War, price and wage controls were re-instituted to contain inflationary pressures. Efforts were also initiated to place certain government contracts in areas of high unemployment to stimulate them.

The records of the Truman and Eisenhower Administrations reveal that a major depression was avoided. However, there was less than complete success in operating the economy at full utilization that was called for in the Employment Act of 1946. During these Administrations, unemployment fluctuated around 4.5 percent. However, during the 1951-1953 period (Korean War) the average annual unemployment rates were below 4 percent; it was less than 3 percent in 1953.

The Kennedy-Johnson Administrations saw a commitment to a more ambitious macro-economic policy, with a 4 percent unemployment rate as the interim goal. The average rates of unemployment for the years 1966 through 1969 were below that target; they averaged 3.7 percent.

During both decades, especially in the 1960s, the importance of macro-economic policies as the primary means of influencing the aggregate level of unemployment was demonstrated. It should be noted, however, that the achievement of full employment (defined as an aggregate unemployment rate of 4 percent or below) was affected by the pursuit of other national policies—notably high defense spending during periods of international tension.

A basic part of a manpower policy is the development of the nation's human resources, especially the disadvantaged who require special assistance. Federal initiatives in the training arena can be traced to the early part of this century. Although it was not recognized as such, the first major piece of manpower development legislation was the GI Bill passed in 1944. The effort to expand the numbers of qualified scientists, engineers, technicians and foreign language specialists, through the National Defense Education Act in 1958 also qualifies as a manpower decision.

The Area Redevelopment Act (ARA) of 1961 and the Manpower Development and Training Act of 1962 (MDTA) put the federal government directly into manpower programs for the first time through its direct support of manpower training. The ARA was a modest first attempt by the federal

government to address the issue of what could be done to improve the employment and income prospects of depressed areas. MDTA was a response to the relatively high level of unemployment (averaging 6.7 percent in 1961) and the fear that automation was displacing skilled members of the labor force. MDTA established opportunities for skill retraining for experienced workers who had lost their jobs. Subsequent amendments to the Act redirected the efforts to youth and the disadvantaged.

The federal government's investment in earlier training efforts via vocational education, vocational rehabilitation and veterans services has been much expanded since the early 1960s. A new departure in the delivery of manpower services came into place in December 1973, with the passage of the Comprehensive Employment and Training Act. CETA decategorized the various categorical approaches of MDTA and some of the Economic Opportunity Act programs, and decentralized their operation from the federal government to state and local governments.

In the 1950s and early 1960s, attention began to focus on the rising unemployment of youth. The Neighborhood Youth Corps (NYC), and the Job Corps were among the programs established under the Economic Opportunity Act of 1964. NYC provided work experience and income for youth in and out of school. The Job Corps was designed as an intensive program providing training and other services for seriously disadvantaged youth away from their home environment. Amendments to the original MDTA legislation also increased services to youth. It is estimated that about \$2.3 billion will be spent on manpower services for youth in FY '77. Much of the current manpower effort for youth is in the form of work experience.

A second premise of manpower policy in the United States is the pursuit of equality in employment opportunities. The Civil Rights Act of 1964 represented a breakthrough in the federal government's responsibility to reduce and remove discrimination. While the Civil Rights Act had a direct effect on the hiring practices of many employers, other federal programs were also aimed at developing and upgrading the employability of those who had previously been discriminated against.

There were a series of new federal initiatives and administrative actions that led to a marked increase in the flow of income transfer monies via the Economic Opportunity Act, Medicare and Medicaid, the expansion of the AFDC rolls, housing allowances, food stamps, and still other forms of income transfer support. It is estimated that total social welfare expenditures rose from \$77.2 billion (or 12 percent of the GNP) in 1965 to \$286.5 billion (or 20 percent of the GNP) in 1975. Some of these expanded efforts were directed to improving the employability and employment of the hard-to-employ (e.g., Job Corps, WIN, etc.) but many were directed solely to improving the economic position of people living in poverty through cash and in-kind transfers. These

programs were not completely neutral with respect to their influence on the attitudes and behavior of people toward work, although we know much less than we need to about the interactions between income transfers and work.

Income maintenance, primarily the unemployment insurance system, was relied upon as the primary support system during the severe recession of 1974-75. Through the Federal Supplemental Benefits (FSB) and the Supplemental Unemployment Assistance (SUA) programs, the duration of unemployment benefits was lengthened to a maximum 65 weeks and the coverage was extended to include some 12 million workers previously not covered. During 1975, more than 12.7 million workers received unemployment benefits at some point during the year. During fiscal 1976, UI expenditures were in excess of \$17 billion.

With the exception of some selected public works initiatives (e.g., the Accelerated Public Works Act), the federal government had not been involved in direct job creation since the 1930s. The passage of the Emergency Employment Act (EEA) in 1971 was an attempt to combat rising unemployment through the direct creation of jobs in state and local governments.

In 1971, \$2.25 billion was made available under EEA to create jobs for approximately 150,000 unemployed persons. In the Comprehensive Employment and Training Act, public service employment was made a permanent part of the manpower arsenal. However, the provisions of CETA Title II directed these resources towards areas of high unemployment (an unemployment rate of 6.5 percent or above) and contained provisions designed, as had EEA earlier, to move enrollees into unsubsidized jobs. Title II of CETA was not an antirecessionary public job creation program. Rather, its intent was to enable the long term unemployed in areas experiencing high unemployment to gain skills and work experience which would enhance their obtaining regular jobs.

In response to rising unemployment in 1974, the Emergency Jobs and Unemployment Assistance Act was signed into law in December of that year. In addition to extending the duration of unemployment benefits, this legislation provided for a temporary public service employment program in Title VI of CETA. This program provided approximately 260,000 jobs in addition to the 50,000 that had earlier been created under Title II.

On a related front in 1965, the United States radically changed its immigration policies. The Immigration and Nationality Act of 1965 had relatively little impact on the numbers entering the country—about 400,000 annually—but shifted markedly the countries of origin of future immigrants. It is estimated that immigration now equals one-third of the natural population growth and one-eighth of the labor force growth. Because of the low birth rate between 1965 and 1975, immigrants are expected to increase as a proportion

of both in the years ahead. To this annual inflow must be added the illegal immigrants who may total two to three times or more the number of legal immigrants.

In addition to the new elements of a manpower policy that emerged in the post-World War II period, there were in place throughout that period efforts that predated the war. The nation's labor exchange, the Employment Service, has in recent years been increasingly involved in providing manpower services to the disadvantaged. The Unemployment Insurance system (dating from 1935) remained relatively unchanged for most of the period until the severe recession of 1974-75.

The effects of the federal government's macro-economic responsibilities must also be considered in assessing the evolution of manpower policy. Starting in the mid-1960's and accelerating thereafter, there was an increasing conflict between attempting to run the economy at a high level of resource use (that is, with a low unemployment rate) and avoiding the buildup of inflationary pressures. Since 1969, the federal government has had to confront this dilemma head on. The effects of these efforts can be seen in the recently enacted Congressional Budget Resolution which sees the rate of unemployment remaining in the 6 percent range.

In brief review, the emergence of federal initiatives in the manpower arena has been a series of programs aimed at human resource development and utilization (including institutional and on-the-job training, work experience, some public service employment, and supportive services), improving equity in the labor market, income maintenance, antirecessionary job creation, and related efforts. Macro-economic policy has been relied upon to blunt inflation and to restrain the downward swings in the economy.

It is important to note that these federal initiatives were often developed with little reference to each other. Therefore, manpower policy at present is characterized by considerable fragmentation, overlap, and policies which work at cross-purposes.

2. State and Local Governments

While much of the nation's emergent manpower policy has been initiated at the federal level, state and local governments have been major contributors. In addition to the important role they have played as deliverers of manpower and related programs, state and local governments have largely controlled the funding, direction, and operation of the nation's educational system.

Among the principal thrusts of state and local governments in helping to fashion a national manpower policy in recent decades have been:

- Considerably expanded expenditures on behalf of children to provide them with a better start in life;

- The expansion of post-secondary educational and training opportunities (including community and senior colleges);
- Support roles to the federal government in income transfer and anti-discrimination efforts;
- As direct employers of much expanded work forces. Today, state and local governments together account for approximately one out of every seven workers.

3. *Private Sector*

As the principal employer of most workers and through their major role in the development of the skills and competences of those on their payrolls, the role of the private sector in shaping manpower policy is critically important. Among its contributions to the emerging policy have been:

- Growth oriented leadership that led the way to new opportunities for additional numbers of persons to obtain jobs and pursue worthwhile careers;
- Substantial and successful efforts by colleges, universities, employers, and trade unions to lower barriers against minority groups, including women;
- Relatively modest efforts at cooperation between the private sector and government in expanding training and employment opportunities for the hard-to-employ.

4. *The Manpower Framework Today*

A retrospective view of the emergence of our national manpower policy suggests the following strengths and weaknesses in the existing framework:

- Macro-economic policy of the federal government has succeeded in avoiding a recurrence of a major depression. However, it has seldom enabled the economy to operate at a level of unemployment that is acceptable to the American people. In fact, macro-economic policy decisions have often been made with only cursory consideration given to their manpower implications.
- Although the United States has experienced six recessions since the passage of the Employment Act of 1946, the nation is still far from having in place adequate mechanisms that can respond quickly and

effectively to a downturn in employment. It had to resort to improvisation in 1974 to prevent widespread distress and deprivation. There is a clear need to strengthen the antirecessionary mechanisms.

- While the federal government moved in 1971 to direct job creation for the first time since the depression of the 1930s, the present effort raises serious questions about this element in a national manpower policy. Still unresolved are issues of the purposes, scale, wage levels, target populations, and net employment effects.
- Since the end of World War II, state and local governments have substantially expanded their per capita student expenditures for elementary, secondary, and higher education. The financial barriers for most young people to pursue post-secondary education have been removed, or significantly reduced. However, the schools are failing a substantial number of students. The educational system has been unable to engage their interests and cooperation sufficiently to enable them to acquire the basic competences and skills they need to function effectively, both on and off the job.
- A further problem is the failure of the schools to develop effective programs (despite large expenditures) to cope with the problems of young people who cannot satisfactorily make the transition from school to work because they have failed to acquire the competences that employers need and want.
- While the bulk of employment related training is provided by industry in meeting its own skill requirements, the federal government plays an important role in assisting special groups of persons—the hard-to-employ, the handicapped, and veterans. A review of federal manpower training points up significant successes in enabling these individuals to acquire or upgrade their skills, and thereby to improve their employability and income. However, there have been significant difficulties in linking training to jobs and in securing the cooperation of employers and trade unions in these efforts. These difficulties must be addressed and resolved if the effectiveness of manpower programs is to be increased.
- The vast expansion in income transfers, led by the federal government but substantially supported by state and local governments, has helped many of those who are unable to support themselves by working. In addition, there are significant numbers of people who work regularly but who live in or near poverty. While the welfare system has not undergone major reform, various efforts have been made to improve it. At the same time, there is considerable restiveness among the public who feel that because of efforts to reduce poverty, many employable persons are enabled to live on income transfers rather than work.

- The pervasive discrimination against blacks, Spanish-speaking, other minorities and women that characterized the American economy at the end of World War II has been moderated by the expansion of the economy, and by changes in law, public opinion and employer policy. However, it is apparent that significant inequality continues with respect to development, employment, and promotional opportunities. Slackness in the economy, the growing concern of the courts with "reverse discrimination," the absence of strong political alignments concerned with advancing the position of minorities, all underline the persistence of discrimination.
- The important roles in the development and employment of our human resources played by all levels of government as well as by private sector interests, particularly employers and trade unions, require closer interaction among them, with respect to both planning and implementing manpower policies and programs. The lack of close cooperation among governments, business and labor underscores the need for strengthening this aspect of the manpower framework.
- In sum, the national manpower policy framework today shows the following weaknesses:
 - Weakness in macro-economic policy, especially in its ability to attain and maintain low levels of unemployment;
 - Inadequate coordination of macro-economic and manpower policies;
 - The lack of a comprehensive, standby antirecessionary strategy;
 - Uncertainty about the goals and objectives of public service employment;
 - The failure of the schools to prepare many youth for work and adulthood;
 - Limited effectiveness of the current training and employability development efforts conducted under governmental auspices;
 - Shortfalls in income-maintenance policies, including the problems of the working poor;
 - Failure to resolve the dilemma of work versus welfare;
 - The continuance of discrimination;
 - Poor articulation among the key parties concerned with the development, employment and remuneration of the nation's human resources.

C. The Challenge of High Level Unemployment

The need for special employment and training efforts is largely determined by the effectiveness and level of macro-economic instruments. The current situation calls for multiple approaches to moderate the persistently high level of unemployment. Over the last twelve months an average of 7.3 million persons were able and willing to work but unable to find jobs. Roughly three times as many individuals experienced unemployment at some point during the year. The average unemployment rate during 1976 of 7.7 percent was down from the 8.5 percent rate of 1975, but it exceeded the rate in any other year since the Great Depression.

Unemployment is only one dimension of a larger problem of inadequate work opportunities. In addition to the 7.3 million persons unemployed on the average during the last twelve months, 914,000 persons outside the labor force wanted a job but were not looking for one because they had concluded that none was available for them. Another 4.2 million nonparticipants who wanted jobs were in school, were temporarily ill or disabled, had family responsibilities, or had other reasons for not looking for work. If the job market were better, a large proportion of these persons would enter the work force.

Those who find jobs are not necessarily well off. In March 1976, there were 2.2 million employed family heads who had not earned enough in the last twelve months to raise their families above the poverty threshold. During the last four quarters an average of 3.3 million persons worked part-time involuntarily because of the unavailability of full-time jobs.

There are other work-related problems that escape measurement. Many persons, often those with the most serious difficulties, are missed in employment surveys. Workers forced into dependency by declining job prospects, including in recent years a substantial number of mentally and physically handicapped who had previously worked, no longer seek employment.

The burdens of high unemployment and inadequate job opportunities are unevenly distributed. The unemployment rate for nonwhites in the last four quarters of 1975-76 averaged 1.9 times that for whites. Youth also face serious problems. The unemployment rate for 16 to 19 year olds averaged 19.1 percent, and for 20 to 24 years olds 12.3 percent, compared to 5.6 percent for persons 25 and over. Individuals with limited education or with mental or physical handicaps also fare poorly in the labor market. Unemployment is concentrated in central cities and in depressed areas; in metropolitan poverty areas unemployment was 13.3 percent compared to 7.4 percent in nonpoverty areas.

While the rate of employment growth (or decline) is related to the increase in the real gross national product, the number of persons seeking work depends on population growth and the changing work propensities of persons as they reach adulthood. High levels of unemployment, discouragement, and involuntary part-time work can result from slow economic growth, rapid labor force growth, or both, as well as from changes in the composition of labor demand and supply.

Between 1950 and 1959, employment rose by 5.7 million, or 9.7 percent. In that same period, 6.2 million persons joined the civilian labor force, an increase of almost 10 percent. The result was a slight rise in the unemployment rate from 5.3 to 5.5 percent.

Between 1960 and 1969, employment rose by over 12 million, or by about 18 percent—almost double the rate of the previous decade. Employers met their requirements by attracting more persons into the labor force and employing many who had earlier been unemployed. The civilian labor force participation rate rose from 59.4 percent in 1960 to 60.1 percent in 1969. The unemployment rate fell sharply, from 5.5 to 3.5 percent.

The experience in the 1970-1976 period has been uneven. Between 1969 and 1971, the unemployment rate rose from 3.5 to 5.9 percent. Over the next two years of recovery, employment increased by almost 7 percent, and unemployment declined to 4.9 percent in 1973. In the next two years, as the labor force grew rapidly and employment much more slowly, the unemployment rate rose to 8.9 percent in May 1975, the highest in the post-World War II period.

Finally, the recovery since early 1975 has generated a large number of new jobs. From November 1975 to November 1976, employment rose by 3.0 million. However, the labor force grew by 2.8 million, so that the unemployment rate fell only to 8.1 percent.

The foregoing data suggest that the high and persistent levels of unemployment are due not only to the slack demand for labor, but also to the fact that increasing numbers of people are seeking work. Women and youth account for a large share of the additional jobseekers. In 1960, for instance, persons 24 and under represented approximately 17 percent of the civilian labor force; by 1975, they constituted 24 percent. Women increased from about 33 percent to almost 40 percent of the labor force. During the past year, women accounted for three-fifths of labor force growth, the highest proportion of new jobseekers since World War II.

These numbers provide the statistical outlines of the employment problem, but they say nothing about the people involved or the impacts on the nation. Many of the unemployed, especially teenagers and women, live in families with

one or more wage earners. In March 1975, for instance, more than a third of the nonaged, nonstudent unemployed were in households that in the previous year enjoyed above-average incomes. Many of the unemployed today are protected by extensive income transfers. More than half of the jobless received unemployment benefits in November 1976. Food stamps, welfare payments, and other forms of transfers helped many more.

Without minimizing the importance of these supports, the negative impact of unemployment cannot be discounted. Transfers may mitigate deprivation but they do not enable people to maintain their previous standard of living. For the jobless who receive unemployment compensation, only about half of their lost earnings are replaced, although this translates to more because their benefits are not taxed. The loss to a family from the unemployment of a second wage earner should not be casually dismissed, since the living standards of large numbers of American families depend on a second pay check.

Unemployment can have long range impacts. Skills atrophy from non-use. Further, idleness and dependency have negative effects on individuals and their families; sometimes with lifetime or even intergenerational consequences.

The costs of unemployment to society are high. There are the lost goods and services that the unemployed would have produced had they been working. The unemployment-related increases in crime, health problems and family stress carry heavy costs for those affected and to the larger society.

Moreover, the impact on the taxpayer is substantial. It is estimated that in 1975 each percentage point rise in unemployment above 4 percent resulted in a decline of tax revenues by \$14 billion and a rise in transfer payments of \$2 billion.

The Commission is skeptical of the conventional wisdom that says that inflation originates in labor markets through pressures that lead to increases in wages in excess of productivity gains. While it is acknowledged that wage-push inflation can occur, a careful examination of the experience since 1970 lends no credence to the explanation that manpower factors leveled the recent inflation or that high unemployment is the preferred method of keeping it under control. In fact, a strong argument can be made that high unemployment, which brings the erosion of skills, reduced private sector training, and the deterrent effect of excess capacity on new investment, reduces the economy's potential for growth. In turn, these factors reduced the economy's capacity to counter the inflation by a larger output of goods and services.

However the causes of inflation are interpreted, the Commission avers that the persistently high unemployment rate represents a challenge to the nation that it dare not ignore. It represents a threat not only to those who are unemployed but to the society.

III. AN EMPLOYMENT STRATEGY FOR THE UNITED STATES

The Commission recognizes that the nation will accomplish only those goals and objectives which it deems critical for its security and well being. The Commission also believes that any goal that requires a commitment of sustained energies and substantial resources will be realized only if that goal receives priority on the nation's agenda. Therefore, the Commission is convinced that "jobs for Americans" should be a priority national goal that should command the best efforts of all sectors of our society, private as well as governmental.

The principal thrust of this *Second Annual Report* is to outline the steps required for this nation to develop an employment strategy that will enable it to attain the goal of full employment. The steps involve:

- A national commitment to achieve full employment;
- Interim targets along the road to that goal;
- Specific measures for the implementation of the effort.

A. A National Commitment to Achieve Full Employment

For the past two years, the nation has been experiencing levels of unemployment that have been unprecedented in the post-World War II period. Although some progress was made in reducing the level of unemployment during the first half of 1976, recent months have seen a worsening of the situation and in November the rate of unemployment exceeded 8 percent of the civilian labor force. A continuation of such high levels of unemployment would pose a serious problem not only in the short run but carries ominous implications for the future.

In reviewing the performance of the nation in attaining and sustaining high levels of employment in the period since the passage of the Employment Act of 1946 and in looking at the experience of the past two years, the Commission concluded that the goal of full employment must be established as a national priority and that a commitment to its realization must be aggressively pursued.

Several major considerations have influenced the Commission in reaching this conclusion. Among them are:

- Productive work has long been considered a value of overriding importance to both the individual and the nation. When millions of the nation's citizens are deprived, through no fault of their own, of the opportunity for productive employment the integrity of the nation's value structure is threatened.
- At the present time, employment opportunities are unevenly distributed; the disadvantaged, minorities, women, and youth experience rates of unemployment far in excess of the average. There is no realistic prospect of reducing these differentially high rates of unemployment without a substantial reduction in the overall level of joblessness.
- The absence of adequate employment opportunities for those seeking work entails substantial budgetary costs because of reduced tax revenues and the need for increased income transfers to maintain those who do not have jobs. The large budgetary deficit of the federal government and the severe budgetary stringencies of many state and local governments flow primarily from the large numbers of people who have been out of work for long periods of time.
- Those who are unable to obtain employment are unable to develop or maintain their skills and competences and, if they remain unemployed for a long period of time, they may lose their motivation and self-esteem, with long run consequences not only to themselves but also to society.
- The unemployment of substantial numbers of the nation's labor force deprives society of goods and services that the unemployed, had they worked, would have added to the national output.
- The continued existence of inadequate employment opportunities brings with it many related social problems and pressures, including increases in crime, health problems, family stress, all of which imply additional costs that must be met.

While noting the deleterious effects of the continuing inadequacy of job opportunities, the Commission also recognizes that a national commitment to the goal of full employment must be made with full awareness of existing wage structures and the dynamism of the economy which impacts different labor markets in different ways. The Commission concludes that the commitment to full employment implies that the job opportunities to meet the needs of jobseekers will be at existing or minimum wages, and that, on occasion, jobseekers will have to relocate to areas where jobs are expanding.

Since it is convinced that a continued shortfall in job opportunities would result in intolerable individual, social, and economic costs, the Commission recommends: (1) *Early action by the Congress to insure that full employment is a national commitment. The pursuit of this goal should have priority until it is realized.* Full employment in the view of the Commission requires that the number of job opportunities approximates the number of jobseekers able and willing to work at existing wages.

The foregoing definition has its limitations since the number of available jobs help to determine the number of active jobseekers. It does not reflect those persons who would welcome the opportunity to work but who are not looking for work because of their belief that they cannot find a job at the present time.

In recommending this commitment to the goal of full employment, the Commission stresses that the commitment must be truly national. The Commission concludes that the attainment of this goal cannot be achieved through the actions of the federal government alone. Achieving full employment requires a structure and process that will secure and maintain the involvement of the private sector, organized labor, state and local governments, and community organizations.

Numerous attempts have been made to define full employment in quantitative terms. While noting that the use of a single numerical target (e.g., the aggregate level of unemployment) has value in determining how well the economy is performing relative to the full employment target, the Commission advises against selecting any one figure as the definition of full employment.

In a dynamic economy, the number of jobseekers is subject to large fluctuation. For instance, between November 1975 and November 1976, employment rose by almost three million. During that same period, the number of unemployed persons declined by only 170,000 and the unemployment rate dropped only from 8.5% to 8.1%. The past 12 months have seen a much larger than customary growth in the labor force.

The Commission also notes that the use of a single quantitative goal as the definition of full employment does not take into account the varying experiences of different groups within the labor force. Even in periods of relatively low unemployment, the rates of unemployment for some groups remain disturbingly high. During 1969, for example, the overall unemployment rate for the total civilian labor force averaged 3.5%. In that same year, the black unemployment rate was 6.4%. For those 16 to 19 years old, the rate of unemployment was 12.2%; for 16 to 19 year-old blacks, it was 24.0%. The existence of such high rates of unemployment for certain subgroups during a period of relatively high employment is a further reason for urging caution in the use of a single rate as the definition of full employment.

The Commission also notes that utilizing a single target as the definition of full employment does not take into account the different and changing desires and needs with respect to employment of those currently in, as well as prospective members of, the labor force.

Some people want to work full-time but can find only part-time jobs; and others, seeking only part-time work, are able to find only full-time jobs. Some are forced out of their jobs when they reach 65; others are willing to accept early retirement. Not only do people's preferences with respect to work differ currently; time brings changes in work and life styles, changes that must be allowed for in setting the goal of full employment. Further, allowances must be made for the increasing efficiency and effectiveness with which the goal of full employment is pursued as the nation's experience is deepened and its knowledge enhanced. Accordingly, the Commission recommends that: (2) *The Congress, in establishing a national commitment to full employment, adopt a measure other than a specific unemployment rate, which may not be appropriate for some future time when the nation may be closer to a balance between job opportunities and jobseekers.*

B. Interim Targets

In recommending a national commitment to full employment, the Commission is proposing a goal that cannot be quickly achieved. The establishment of any national goal is no assurance that it can be or will be attained. It depends on the nation's will.

The Commission realizes that achieving full employment will require the development of new structures and mechanisms aimed at expanding the rate of job creation and the lessening of various labor market imperfections. Consequently, it recognizes the need for interim targets. Present and later targets should serve as assessment points to determine the adequacy of the progress and the need or desirability of modifying the policies and procedures being used to move the nation toward full employment.

The Commission wants the role and importance of interim targets to be fully appreciated. To this end, the Commission emphasizes:

- Any goal which requires a sustained national commitment must be supported by clearly established objectives through which progress can be measured, present efforts evaluated and future courses charted. Interim targets can serve these objectives.
- The goal of full employment must take account of many interacting variables, such as changes in the size or composition of the labor force, and shifts in the preferences of people with respect to work or leisure. In the face of these and other interacting variables, near-term targets are

essential to measure the progress that has been made and to set the next near-term objective.

- Since progress toward full employment requires the involvement of both the governmental and nongovernmental sectors and since substantial resources, both public and private, will be required, all of the participating groups will need interim targets. These targets will enable each group to determine whether the efforts they are making are justified by the results, whether the former targets need to be adjusted, and what new targets should be set. The Commission recommends: (3) *Since progress toward the goal of full employment requires the establishment of interim targets, each step must be monitored and, when indicated, corrective actions initiated; moreover new targets must be set as earlier ones are reached.*

1. *Defining the Interim Targets*

In recommending the use of interim targets to measure progress toward achieving full employment, the Commission again urges against adopting a single, numerical target. The Commission reached this position for the same reasons that led it to argue against a single quantification of the goal of full employment.

It is the Commission's view that the three major indicators should be used as interim targets. They are:

- The aggregate unemployment rate: As an interim target, the aggregate unemployment rate will serve to indicate the extent to which those in the labor force have jobs.

There are, however, several factors that the aggregate unemployment rate does not reflect, including:

- the number of individuals who would like jobs but who believe it fruitless to look for them because they are convinced that none are available;
- the number of individuals employed part-time who desire full-time employment;
- the extent to which unemployment affects other members of society (i.e., the number of individuals who are dependent upon unemployed individuals for income).

In spite of these limitations, the aggregate unemployment rate provides policymakers and the public with one quick measure of the extent to which those in the labor force have jobs.

- The net change in the number of employed persons: As an interim target, the net change in the number of employed persons serves to indicate the extent to which the economy is creating employment opportunities. This indicator measures changes in the demand for labor, irrespective of change in the labor force.

Again, as a single indicator there are several factors this measure does not reflect, including:

- the number of jobs filled by individuals whose skills and capabilities qualify them for more demanding work;
- the number of job opportunities that exist but remain unfilled;
- since this is a measure of the net change in the total number employed, it does not indicate whether shifts have occurred between those previously and presently employed.

In spite of these limitations, the net change in the number employed provides policymakers and the public with a measure of the total number of those in the labor force who have obtained (or lost) employment.

- Changes in differentially high rates of unemployment: This is a measure of the extent to which the unemployment rate for specific groups within the labor force is reduced relative to the aggregate unemployment rate. It serves to indicate the extent to which there is a more even distribution of the burden of unemployment among different groups. This indicator measures the extent to which those who have consistently experienced a disproportionate share of unemployment continue to be severely disadvantaged or whether their experience is becoming more closely aligned with that of the rest of the population.

There are several factors that this measure alone does not reflect. These include:

- the extent to which the reduction in unemployment among identifiable cohorts is a result of changes in the overall demand for labor or reflects more specific factors;
- the extent to which changes in labor force participation rates have altered the number of the members of the particular group available for and seeking work;
- the types of jobs which members of any particular group have secured, or lost;

-the degree to which members of one group gained or lost at the expense of another group.

While the potential of this measure is limited, the reduction of the differential between the aggregate unemployment rate and the rates for particular cohorts with excessively high rates provide policymakers, the public and the disadvantaged members themselves with a direct measure of the extent to which employment opportunities are open to them and whether the risks of unemployment are being more equitably shared among all groups in the society.

Based on these considerations, the Commission recommends that:
(4) *Three measures be used to assess the nation's progress toward full employment: the aggregate unemployment rate, the net change in the number of employed persons, and changes in the unemployment rate of groups characterized by differentially high unemployment.*

2. *Setting Interim Targets*

In recommending interim targets, the Commission stresses that their establishment is no guarantee of their realization. Unforeseen consequences or events may preclude the achievement of a stipulated target, this eventuality mandates continuous monitoring and policy reassessment.

In recommending its first interim target of 5% unemployment by 1980, the Commission calls to the attention of the Congress, the President-elect, and the nation the following considerations:

- A society has limited interventions available to accelerate the growth of jobs; any prognostication of the numbers who will enter and leave the labor force is tenuous; and these two factors will be influenced by the scale and mix of manpower programs as well as the statistical conventions used to categorize different groups of persons as employed, unemployed, or out of the labor force.
- There is no consensus about the rate of federal expenditures that the federal government can safely undertake without running the risk of restimulating inflationary pressures. There are disagreements about the optimal rate of monetary expansion that the Federal Reserve Board should pursue. Finally, there is little guidance for determining whether specific types of federal expenditures, especially those directed to sectors of substantial underutilization of facilities and labor force, would have any significant inflationary potential.

In the face of these uncertainties, the Commission has given weight of the experience of the U.S. economy in the post-World War II era in searching for reasonable and realizable targets. It found the following:

- In searching for a parameter for realistic employment growth in the years immediately ahead, the Commission could not find support in the historical record for a rate of increase greater than about 2.7 million new jobs per year. If the rate of employment gain of the 1960s were used as guidance, the target figure would approximate 2 million new jobs annually.
- The Commission also reviewed the unemployment record during the same period in its search for a second parameter. It found:
 - in only three years through the entire 24-year period did the rate decline by one percentage point or more in 1954-55 (1.1%); in 1958-59 (1.3%); and in 1961-62 (1.2%);
 - between 1961 and 1969 the unemployment rate dropped from 6.7 to 3.5, or by 3.2 percentage points, during eight years, representing an average decline of 0.4 percentage points per year.
 - the largest two year decline achieved during the period was 1.4 percentage points (1954-56).
- As noted earlier, increases in employment are not necessarily reflected in parallel decreases in the unemployment rate. The number of people entering the labor force tends to fluctuate erratically, although a rapid growth of job opportunities usually attracts more people into the labor force. There has been an increase of almost 2 percentage points in labor force participation rates of persons 16 and over during the past decade. The ability of the U.S. to achieve a stipulated target of unemployment in the near term will depend both on the rate of job creation and changes in labor force participation rates.

On the basis of the above considerations, the Commission recommends that:

(5) *The President and the Congress set, as a target to be achieved within four years, an unemployment rate of 5 percent and that special efforts be made to reach this objective prior to the end of 1980.* (6) *Intensive efforts in the four-year period ahead, 1977-1980, by leaders of government, business and labor working together to establish a climate conducive to achieving a rate of job formation in the range of 2.5 million per year.* (7) *The unemployment rate for members of disadvantaged groups be carefully monitored by the Joint Economic Committee of the Congress and, unless the gap between their unemployment rate and the aggregate unemployment rate is being narrowed*

steadily and substantially, their labor market difficulties be reassessed so that federal manpower programs can be rechanneled better to serve their needs.

While these interim targets appear undramatic and may strike some observers as timid, the Commission's review of the historical record and the current situation suggests that these are quite ambitious.

3. An Assured Jobs Program

The foregoing interim targets reflect the Commission's belief that there is a limit to the use of macro-economic policies in stimulating the economy before the risks of inflationary distortions exceed their potential for job stimulation. On the other hand, the Commission, cognizant of the political, human, social and economic costs related to continuing high levels of unemployment, believes it essential to explore all possible routes that might contribute to the reduction of unemployment, including creating opportunities for people who receive income transfer support to move into productive jobs.

The Commission also takes note of the fact that in the absence of employment earnings opportunities, many persons out of work qualified for income transfer support. Many others may, out of preference or necessity, decide to support themselves through illicit or illegal activities. One reason why it is essential, in the Commission's view, to expand job opportunities, is to reduce the inclination for some people, especially adolescents and young adults, to prefer illicit work to a regular job. To discourage those who might opt for illicit rather than regular jobs, it is necessary for the labor market to provide opportunities for people starting at the bottom to advance into a better job if they perform well in their initial assignments.

In the Commission's view, the protracted payment of income transfers to those who are employable is a less desirable alternative to providing those who are employable with an opportunity to work. The Commission believes that it is important that the nation accumulate experience with new measures and approaches that could be used to expand the number of employment opportunities for unemployed jobseekers as an alternative to income transfer support.

In this connection, the Commission saw considerable merit in proposing, on an experimental basis, an assured jobs program whereby persons with a record of labor force attachment, with low family income, who are currently receiving unemployment insurance benefits could voluntarily request job placement. Such a program would help to test whether local governments can develop projects to productively employ workers who need jobs, without their competing with work performed by regular employees who are receiving prevailing wages. Such an experimental program should also indicate the

possible scale and scope to which this approach could be expanded, and point up some of the administrative and supervisory problems likely to be encountered in a national program of assured jobs.

Accordingly, the Commission recommends: (8) *The appropriation of \$300 million for a two-year demonstration program of "assured jobs" with a maximum enrollment of 50,000 workers in 10 selected sites. (A) Unemployed workers who have received at least 15 weeks of unemployment compensation, who have been in the labor force for 24 out of the preceding 36 months, and whose annual family income is below \$6,400, will be assured a job upon request.*

(B) If the Employment Service or other job search agency is unable to find a suitable job for such a worker, the individual will be referred to a government or private nonprofit agency which has agreed to have suitable employment opportunities immediately available for persons so referred.

(C) The average annual cost per job should be about \$6,000.

(D) The maximum time that a person can remain on such a job is 2 years, during which period the individual's availability for placement in the private sector would be regularly reviewed. Failure to accept a suitable job will be cause for separation from the program.

The Department of Labor should arrange for the monitoring of these demonstration programs with particular reference to the ability of local governments or other agencies to establish suitable work assignments, the interest of UI beneficiaries to accept such assignments, the operation of the work test, transition out of the program, and other pertinent factors that speak to the feasibility and desirability of establishing such a program as a permanent part of the manpower delivery system.

4. Public Service Employment Expansion

The Commission noted that the second Congressional Budget Resolution provided for an increase in the level of public service employment under Title VI of CETA to a level of 500,000 jobs. The Commission had earlier urged caution regarding the expansion of public service employment (PSE) above the level of 310,000 jobs originally provided under Title II and Title VI of CETA, although it did recommend an expansion of up to 400,000 at its meeting in May 1975.

However, the Commission's present assessment is influenced by recent changes in the legislation:

- Title VI now contains provisions to target these jobs to the long term unemployed from low income families, which the Commission believes will make the program much more responsive to their needs.
- The Title VI extension also contains a provision for the use of the project approach in any expansion of PSE jobs. This should mitigate the "substitution" effects and substantially increase the net employment effects.
- In view of the cautionary attitude of the Commission about the limited potential of macro-economic policy to bring down the disturbingly high unemployment rate, the public job creation effort should be further pursued.

For several reasons and in support of achieving its interim goals, the Commission recommends that (9) *the Congress, as soon as possible, appropriate funds to increase the level of CETA Title VI public service employment to 500,000.*

5. *Involving the Non-Governmental Sectors*

The Commission recognizes that even a much expanded federal manpower effort will not by itself result in the realization of either the interim targets or the goal of full employment. For this reason the Commission again stresses the importance of involving other levels of government, private employers, organized labor and community based organizations in the pursuit of these interim objectives and long range goals.

The Commission is heartened by the fact that several important business groups, including the U.S. Chamber of Commerce, the Committee for Economic Development, the Business Round Table, The Conference Board and others are beginning to concern themselves more actively with various manpower issues. This is an essential first step in their further involvement in seeking solutions and helping to implement them.

Accordingly, the Commission recommends that: (10) *The President-elect, early in his administration, explore with the leadership of the groups named above, particularly the leaders of business and labor, the ways in which they can most effectively participate in helping the nation to achieve its employment objectives. There should be continuing dialogue and interaction in which the private sector is encouraged to make an input into governmental manpower policy at the same time that it agrees to assume a more active role in implementing manpower programs.*

C. Youth Employment Efforts

The employment problems of the nation's youth have been the focus of much of the Commission's attention during its first two years. It is the Commission's belief that significant progress towards the goal of full employment can be made only if the employment problems of the nation's youth are eased.

A large proportion of the nation's youth are failing in or being failed by, the labor market. At any one time in 1975, 3.6 million jobseekers between the ages of 16 and 24 were unable to find jobs. The unemployment rate for teenagers (16-19 years old) was almost three times that for persons 25 and over, while the rate for young adults (20 through 24 years old) was more than twice the rate for older adults. The absolute and relative rates of youth joblessness in the United States are significantly above those in most other industrialized nations.

Official statistics underestimate the employment difficulties experienced by youth. In addition to the reported number of unemployed youth, a large number of youths are discouraged to the point that they have ceased to look for work. In addition to the 3.6 million youths unemployed at some time in 1975, there were 600,000 outside the labor force who reported that they wanted a job but were not looking for one. While the figure probably is far in excess of the number who would be immediately willing to accept a job if one were available, there is no doubt that many of these young people would enter the labor force if job opportunities expanded.

Many other youths, who are counted as employed, also face serious problems. In 1975, 1.3 million persons under age 25 were working part-time because they could not find full-time jobs. This represented 7.6 percent of all young workers, almost double the percentage of adults forced to settle for part-time jobs. A significant proportion of employed youth earn wages near, and sometimes below, the federal minimum.

The situation is much more critical for minority youth, especially those living in central cities and those residing in low-income rural areas. Nearly three of every ten nonwhites under the age of 25 who seek work cannot find it. This unemployment rate is almost double that for young whites.

The rate of teenage unemployment in the central cities in 1975 was nearly a third higher than in the suburbs. More revealing, only 38 percent of central city teenagers were employed, compared with 47 percent of suburban youths. The recession has unquestionably been a depression for youth, especially for minority teenagers. In the first quarter of 1976, the overall teenage rate of unemployment had risen to 19.4 percent, while the nonwhites unemployment rate reached an appalling 35.2 percent.

The employment problems of young people cannot be blamed solely on the poor state of the economy. Their problems have been severe for many years. A major factor has been the rapid growth of the youth cohort. Between 1960 and 1975, the number of 16 to 24 year-olds rose by nearly seventy percent, or more than triple the increase in persons over 25. Despite the increasing numbers who remain in school longer, the labor force participation rate for the 16 to 24 year-olds rose by 56 to 65 percent. The youth portion of the labor force grew from 17 percent in 1960 to 24 percent in 1975. Clearly, much of the current difficulty that youths face in seeking and holding jobs is the result of the vast increase in the numbers who are entering the labor force who have neither skills nor experience.

The recent substantial reduction in the size of the armed forces has added to their difficulties. Between 1968 and 1974, the number of youth in the military declined by almost 1.1 million.

While supply and demand factors have intensified the employment problems facing young people during the last decade, the process of transition from school to work has added to their difficulties. At age 14 and 15, most youths are in school, neither seeking nor holding jobs. Even during the summer vacation, less than a third work or look for work. Employment becomes more important at age 16 and 17. On the average, two-fifths of all 16 and 17 year olds are working or looking for work during the school year, with the proportion increasing significantly during the summer months. At age 18 and 19, most students leave high school, either going on to college or seeking full-time employment. Seven out of every ten males and a smaller proportion of females have a job or are looking for one. By their early twenties, most young people are employed and self-supporting. About one third of those 20 to 24 years-old are not in the labor force.

During the critical years of transition, young people progressively seek more permanent and rewarding jobs. Among 16 and 17 year-old workers, less than 20 percent hold a full-time job, compared to more than 80 percent of the 20 to 24 year-olds. This shift from part-time, intermittent work to full-time, year-round employment is achieved through a combination of aging, work experience, skill acquisition, job changing and general maturing.

In addition to the large number of youth who encounter serious difficulties in getting regular jobs, there is a serious seasonal youth employment problem. Each year, in June and July, young people flood the labor market, including many recent graduates and dropouts who are looking for permanent employment. In 1976, for instance, among 16 and 19 year-olds, 3.3 million more were working or looking for work in July than in January.

For youth whose primary activity is education, the intermittency of their jobseeking intensifies the fluctuations. During the summer, youth may seek

work before or after taking a vacation. During the school year, they may quit their jobs during exams, or may seek work only over the Christmas holidays. At each point of entry or reentry, they are likely to experience a period of unemployment as they search for a job. In 1975, two-thirds of the teenage unemployed were entrants or reentrants into the labor force, rather than job losers or leavers.

Most youth weather these transitional problems and eventually find a niche in the adult labor market. However, many lack the basic competences that employers seek. As an example, in October 1975, the unemployment rate among high school graduates not enrolled in college was 16.1 percent for 18 and 19 year olds, and 10 percent for 22 to 24 year olds.

Based on the foregoing, the Commission distinguishes among the following aspects of youth employment:

- The transitional aspect characteristic of all youth as they move out of the educational-training system into the world of work. The age at which most youth complete the transition is between 16 and 24 with large numbers leaving high school in their eighteenth year to continue their education or training or to seek a job.
- The special difficulties that many youth, particularly those from low income families and minority groups, face because of the dysfunctional nature of their family, school or community experiences which leave them lacking in basic skills, competences and experience that employers seek.
- The large number of youth who are no longer in school but who have failed to make a satisfactory transition into the regular job market. Many are unemployed; some are so discouraged that they no longer look for jobs; others find only short-term employment that pays little and leads nowhere, with the result that they quit or are discharged.
- Transitional difficulties and erratic labor market behavior are also characteristic of many young people from middle and even high income families, a considerable proportion of whom flounder for years before they find themselves.
- Another problem that many young people face during their high school years or post-secondary education is the difficulty of finding part-time jobs during the school year and full-time work during their vacations.

There are no precise measures of the number of youth experiencing different types and degrees of labor market difficulties. However, the Commission believes that the number in need of manpower services is

manageable. In the Commission's view, a reasonable estimate is that there are currently about 400,000 youths in need of intensive training and employment services. Probably two to three times that number could profit from assistance in the form of occupational training and placement services. Finally, there are large numbers of youth who need or want part-time and/or summer jobs.

Without minimizing the malfunctioning of the education, transition, and labor market systems, or the severe job deficit for teenagers, the Commission's recommendations that follow are directed specifically to programmatic actions aimed at assisting primarily disadvantaged youth who lack employable skills when they leave the school system. The majority of these disadvantaged youth suffer repeated spells of unemployment and many fail to make a regular attachment to the world of work. In the face of limited governmental and community resources, the Commission holds that primary attention must be focused on those most in need of help. These youngsters require more than superficial work experience and vocational exploration. Although about \$2.3 billion dollars is being spent annually for youth programs under CETA, there is a need to redirect a substantial portion of these funds.

In developing its recommendations for dealing with the employment problems of youth, the Commission considered, but discarded, the idea that a lower minimum wage for youth would make a significant contribution to increasing their prospects for employment. The Commission sees no reason to deviate from the established American practice that pay is set by the job and that all persons, able to meet the performance standards of the job, should be paid the going rate. The Commission noted that the flexibility exists (via the use of stipends, trainees, wages, training allowances, tax subsidies and other devices) to assure employers that the differential costs of hiring disadvantaged young people, for whom government has assumed a special responsibility, can be covered.

The Commission recommends the following intensified efforts directed at improving the employability and employment of disadvantaged urban and rural youth who, if left to their own devices, will fail to become effectively linked to the world of work: (11) *The development of a stronger youth program focused on improving the employability and employment of the nation's disadvantaged youth. Such an approach should include: (A) A doubling of the Job Corps level to serve an additional 20,000 youth. This expansion should be contingent on the establishment of training-job linkages, such as those currently in effect whereby construction unions supervise pre-apprenticeship training in selected centers and guarantee employment for graduates.*

(B) The conversion of Youth Conservation Corps program from an eight-week summer program to a year-round training work program for 50,000 young people from low income families, particularly (but not exclusively) those from rural backgrounds.

(C) *The establishment for 400,000 in-school youth of a year-round, skill training and work experience program which can pay training stipends to disadvantaged youths who otherwise would be unprepared to obtain and keep jobs when they leave school. The success of the effort will require, at a minimum, strong local leadership which should include educators, labor, community based organizations, local government officials and the involvement of employers, both large and small, in every sector—private, nonprofit and government—to assure an adequate number of suitable training and work experience opportunities.*

(D) *The expansion of training and employment programs for out-of-school, unemployed youth between the ages of 18 and 24 who are so discouraged that they have ceased looking for work. The Commission recommends a program which will serve 250,000 youth.*

The Commission hopes that different communities will explore different program designs to implement this effort. It is convinced that well managed programs which will provide meaningful work, strong training components and, above all, close linkages with employers, will substantially assist these young people to move into regular employment especially if the critical bridge between training and jobs is established at the outset.

In its consideration of the problems of young people in relationship to work, the Commission noted the high rate of unemployment experienced by veterans. Many, upon leaving the services, find serious difficulties in obtaining civilian employment. In 1975, the unemployment rate for veterans between the ages of 20 and 24 was half again as that of nonveterans of the same age. Almost one third of all nonwhite veterans in this younger age group are unemployed.

Since 290,000 youth (24 years old or under) leave the service annually, the Commission is concerned about the high unemployment rate among young veterans, especially those who belong to minority groups. Accordingly, the Commission recommends that: (12) *The President establish a new interagency committee of representatives from the Department of Defense, Labor, and HEW, the Veterans Administration, and the Office of Management and Budget to determine the scale and scope of training and related manpower services that will enable these young people to make the transition to civilian life and employment. The Commission recommends that Congress appropriate the funds required to Department of Defense to help prepare prospective returnees.*

D. From Income Transfer Support to Work

The Commission's approach to improving the interrelationships between income maintenance and employment strategies is informed by the following considerations:

- The U.S. determined in the 1930s that it was essential that individuals unable to work or families whose head is unable to work receive income transfers to meet their basic needs.
- The unemployment compensation system, supported by employer payroll taxes, has been in place since the late 1930s, to provide benefits in lieu of wages for workers who are laid off or otherwise lose their jobs. Over the years the system has been expanded so that now, with the enactment of the Unemployment Compensation Amendments of 1976 (P.L. 94-566), 97 percent of all wage and salary employees are covered. The new law shores up the financial integrity of the system, much weakened by the severe recession of 1974-75.
- In addition to this major income transfer mechanism, which paid out over \$17 billion in 1976, the U.S. has currently in place several additional mechanisms to provide individuals with income transfers. The most important programs include:
 - Aid to Families with Dependent Children (AFDC), which supports about 3.5 million adults and 8 million children at a current cost of about \$10 billion;
 - Supplementary Security Income (SSI) for the severely handicapped including the blind, which aids about 4.3 million persons at a current cost of \$6.5 billion;
 - The Food Stamp Program in which about 18 million persons participate, workers and nonworkers alike, who because of inadequate income are able to purchase food at reduced prices at a direct annual cost to the federal government of about \$5.5 billion.
- In addition to the foregoing, note should be taken of Medicaid with about 21.6 million recipients at an annual cost of \$12.6 billion and housing assistance for about 2.2 million selected low income households, at an annual cost of \$2.5 billion.
- The income transfer supports identified above totaled about \$55 billion in 1975 and were distributed to an estimated 65 million families and single individuals. It is not possible to develop an unduplicated count of the families and individuals who received support but on the assumption that

there was heavy overlapping among the recipients of AFDC, food stamps, Medicaid, and housing allowances, a rough unduplicated count would be around 25 million individuals and families.

There are significant problems in fashioning one set of policies addressed to the reduction of unemployment and another focused on meeting the income needs of families at or close to the poverty level. Steps taken to achieve one objective inevitably affect the other through the impact that each has on the attitudes and behavior of people with respect to work and self-support. Whether a person searches energetically for a job, the type of job the individual is willing to accept and the amount of effort that a person will put forth to keep a job, are conditioned by whether the individual sees an alternative of securing income without working.

The Commission noted that the Federal Supplemental Benefits program (FSB) is due to expire at the end of March 1977. This program provides an additional 26 weeks of unemployment benefits, bringing the total number of weeks an individual could collect unemployment compensation up to a maximum of 65 weeks.

In response to the rapid increases in unemployment that were experienced early in this recession, the Commission recommended that Congress extend the duration of benefits to this 65 week maximum. Its earlier recommendation was based on the lack of alternatives that could be speedily put into place to assist the swelling numbers on the unemployment rolls.

The Commission believes that except for relatively short spells of unemployment, that is, for a period of 26 weeks and at most an extended period of 39 weeks, it is preferable for unemployed workers to work or to be in training than to continue to receive income transfer support. The work/training alternative will help to maintain or increase the skills of the jobless, reinforce their self-esteem and provide the nation with essential goods or services. Therefore, the Commission recommends that the FSB legislation not be reenacted.

It is essential, however, in the Commission's view that if Congress follows this advice and does not reenact FSB, on which \$3.3 billion was expended in FY 1976, that a comparable sum be added to support the expansion of manpower services since many persons, after 39 weeks of unemployment benefits, will need manpower training, a PSE job, or a mobility allowance to go to such a job in a new location.

The Commission is aware that the funding and implementation of manpower alternatives in place of FSB may require time and it recommends that Congress consider temporarily extending the FSB program.

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In sum, the Commission recommends that: (13) (A) *In lieu of further FSB, which cost about \$3.3 billion in FY '76, this funding be rechanneled for manpower services, e.g., public employment jobs, training opportunities, or mobility allowances, to help meet the needs of persons who have exhausted their UI benefits, and who meet an established criterion of need. However, since the FSB program may be terminated prior to the expansion of alternative manpower programs, Congress should consider a brief extension of the FSB program up to September 30, 1977, to permit an orderly phase-down and the transition to manpower programs of those in continuing need of assistance.*

Under current legislation, about 900,000 of the more than three million adults receiving assistance under the Aid to Families with Dependent Children program (AFDC) are required to register under the Work Incentive Program (WIN). During 1976, about 200,000 of this group will have been placed in employment, primarily in the private sector. Many so placed continue to receive income support because they have not been able to earn enough to meet their families' basic needs.

In light of the foregoing, and supported by its conviction that employable persons should have alternatives other than long-term income transfers, the Commission recommends: (B) *the scale of placements in the WIN program be doubled during the coming year, through greater reliance on placing employable WIN enrollees in PSE jobs in local governmental or nonprofit organizations such as schools, child care centers, and hospitals. The cost of such an expanded effort would be in excess of \$400 million. In addition to more intensive placement efforts, it would be desirable to provide occupational training for some WIN registrants so that they could compete for more than the lowest paying and least attractive jobs.*

The Commission again noted the continued use of separate work tests for three major income transfer programs (Unemployment Compensation, the Work Incentive Program, and Food Stamps). While the work test for unemployment compensation is determined by state law, those for Food Stamps and WIN are federally set and administered through the U.S. Department of Labor via the Employment Service.

The Commission recommends that: (14) *the two work tests for Food Stamps and WIN be standardized and if the Employment Service cannot find job placements in the private sector, it should refer employable persons to programs (primarily CETA prime sponsors) which provide training or employment in a public service job.*

The Commission favors the use of incentives in the work arena—which means that people who work should receive more than those who do not. It also recognizes that many adult heads of households, because of limited skills and other shortcomings, will not be able to command a wage that will provide

them with sufficient income to raise their families out of poverty. With the minimum wage set at \$2.30 an hour, or approximately \$4,700 annually, and with the average UI benefits paying about \$3,700 annually in 1975, the Commission believes that publicly supported jobs should pay around \$5,500 annually, and that families receive supplementation.

This position does not mean that the Commission advocates subsidizing the payment of low wages but only that it recognizes the impracticality of many low and unskilled persons with multiple dependents earning enough in the competitive labor market to be able to support their families at an acceptable level, especially if there is no secondary wage earner present who can work and contribute. The preferred long term strategy is to combine the following: enabling low skilled persons to acquire additional competences; raising the wages of those at the lower end of the wage distribution; reducing the tax burden on low income families; establishing opportunities for persons at the bottom of the job hierarchy to move up, with experience, into better paying jobs.

The Commission stresses that significant progress in moving employable persons off income transfer support into private or public employment will require legislative and administrative changes in the operation of the existing manpower, unemployment compensation, welfare, and food stamp systems including but not limited to such matters as:

- effective screening of employable persons in receipt of income transfer support;
- effective application of work tests; expansion of federal manpower programs, including PSE jobs; and
- arrangements whereby individuals moved from income support into employment do not automatically lose their eligibility for important benefits such as Medicaid.

Despite its preference for work over income transfers the Commission recognizes that many millions of individuals need extended income transfers for reasons of health, family responsibility, age, or because of a lack of employment opportunities for persons with serious disadvantages. The Commission therefore recommends: (15) *Early Congressional action to strengthen the existing income maintenance system by establishing a minimum level of federal benefits for all individuals and families.*

If the Administration and the Congress seek additional reforms of the income transfer system, the Commission recommends: (16) *Legislative and administrative changes that would strengthen work incentives by providing*

income supplementation to the working poor so that they receive more income for working than for not working.

To respond to the widespread public support for a policy that seeks to move employable persons from "welfare" into work cannot be accomplished, in the Commission's view, unless a substantial expansion occurs in manpower services. The Commission concludes, however, that the intermediate and long-term consequences to the American people of permitting employable persons to remain on income transfer support for long periods of time involves such serious costs in terms of personal and family degeneration and disintegration, social pathology, and reduced economic output that the additional short-term investments required to reverse the trend cannot fail to be productive.

E. Strengthening the Manpower Infrastructure

If the employment strategy outlined above is to be effective, it must be supported by a strengthening of manpower programs and institutions. These include, at a minimum, developing an integrated antirecessionary manpower strategy; expanding the skill training base; improving the manpower knowledge and information base and, in all of these related efforts, acting to reduce and remove the barriers to employability and employment stemming from discrimination.

1. An Antirecessionary Manpower Strategy

An integral part of a broad employment strategy is to moderate the forces which arise from cyclical downturns and contribute to high unemployment. Increasingly, we refuse to view recessions as natural events that will be self-correcting. In addition to making ever greater use of fiscal and monetary policies, the nation has made increasing use of selected employment and manpower policies to help combat the high unemployment of recessions and to mitigate its effects. Although fiscal and monetary policies will continue to be the major governmental responses to recessions, there is a need to expand and improve the delivery of employment and manpower efforts during such periods. There is also need for improved coordination between both sets of policies.

Recessions have differentially adverse effects on certain groups of workers. In recent years we saw the near collapse of the home-building industry and the construction trades. Manpower programs should be responsive to the economic and social objectives which aim to reduce as much as possible the lack of work and loss of skill and of unemployed persons and to mitigate the ones on certain vulnerable groups which bear a disproportionate burden of the costs.

Antirecessionary manpower responses to economic downturns include such programs as extended unemployment compensation, expanded public service

jobs, and public works. As the 1974-75 recession once again demonstrated, in the absence of an integrated, standby antirecessionary manpower strategy, the manpower response must be hastily designed, and this results in programmatic and operational problems that lessen the impact of the response.

The need to improvise antirecessionary manpower programs also created coordination problems. For example, difficulties were encountered in attempting to link the Department of Labor's Public Service Employment effort under Title VI of CETA with the Job Opportunities Program which was being implemented by the Department of Commerce. The latter, is a labor-intensive form of public works jobs, targeted to high unemployment areas. Another illustration was the deflection of funds under Title II of CETA, originally intended to assist the hard-to-employ, to provide jobs for cyclically unemployed workers. Finally, in the absence of a standby antirecessionary strategy, manpower efforts cannot be effectively coordinated with macro-economic antirecessionary policies. The scale and timing of antirecessionary public works programs are a case in point.

While selected employment and manpower programs, such as broadened and extended unemployment compensation benefits, are currently in place as a result of the recent recession, the challenge of establishing an integrated antirecessionary manpower effort as part of an overall employment strategy should be faced now if the nation is to be better prepared to meet and respond to the next economic downturn.

The Commission, therefore, recommends that legislation be enacted in the near future to establish a permanent set of standby antirecessionary manpower programs. This legislation should provide for a series of responses which could be activated automatically through the use of appropriate "triggers" in the advent of a recession so that no time is lost before counter-recessionary efforts are brought into play.

Accordingly, the Commission recommends that: (17) *A permanent, standby antirecessionary program be put into place and that it contain at least the following elements:*

- (A) *Expanded remedial education and basic skill instruction which will be available in a period when the net social cost of training is lower because many potential trainees cannot find jobs;*
- (B) *A program of antirecessionary public service employment, involving federal, state and local governments, nonprofit agencies, and community agencies;*

(C) *An inventory of selected antirecessionary public works, including community development projects which would employ considerable numbers of unskilled residents in low income areas;*

(D) *Countercyclical revenue sharing arrangements with states and localities which will help them maintain basic public services.*

The above outline of an integrated set of standby policies implies that trigger mechanisms would be meshed. Common definitions, data sources, and geographical boundaries would be used. The necessary regulations, procedures, and administrative structures would be ready for speedy use.

Further provisions could be made for contingency planning in the event of a severe recession; consultation mechanisms, involving different levels of government, could be in place, and various standby administrative structures could be readied for use.

The legislative base for a comprehensive standby antirecessionary program should provide, at a minimum:

- A series of interrelated national and area triggers which would phase in and out the various program elements according to the severity of the recession;
- A means for distributing the funds available to meet the special needs of areas and groups most severely affected;
- Authority for the development of permanent standby administrative and operational systems;
- Authority for contingency planning for each of the program elements so that implementation could be promptly initiated;
- Funding authority for the range of standby programs, through which appropriations could be expeditiously provided.
- Eligibility preference for those regularly attached to the labor force.
- Specification of major program standards, such as wage levels for the various employment creation components, with special care to provide equity between income transfers and earnings; measures to maximize the net employment creation effects; eligibility criteria for participants, including duration of unemployment and family income standards involving means tested eligibility.

- Specification of program linkage, including those between regular and antirecessionary manpower measures as well as macro-economic and manpower policy coordination mechanisms.

2. Strengthening the Training Base

A strong training structure with flexibility for expansion is an essential facet of a national manpower policy. Increases in the competences of the nation's labor force can be a major factor in economic growth. Training can also help to ameliorate inflationary pressures to the extent that skill shortages are addressed and wage pressures reduced. Individuals at the lower end of the skill and income distribution have little prospect of advancing in the world of work and in social status unless they have an opportunity to add to their skills and competences.

One major source of training is provided by private sector employers through informal on-the-job training supplemented by formal instruction in and outside the plant. The larger the company and the more it uses complex technology, the greater are its training efforts.

Another major source of occupational skills is the vocational education system, financed primarily by state and local governments, although the federal government adds about one dollar to every five.

A third source of training is that sponsored directly or indirectly by the federal government from the substantial efforts of the Armed Services to the large scale financial support for training made available to veterans and persons selected for vocational rehabilitation. In addition, training provided under the broad range federal manpower and related programs represents another aspect of the total federal commitment.

While recognizing that federal resources are increasingly committed to programs to train those who lack skills and who therefore lack access to good jobs, the Commission is concerned about both the scale of this effort, and the mix and quality of training that is being provided. Training is the most difficult of all manpower programs to design and provide. Effective skill development requires qualified staff, modern equipment and, often, the availability of supportive services. To be successful, a well structured training program requires detailed information about current and potential job openings, and changing employer requirements reflected in their hiring practices. As a prerequisite for successful training, participants must have or acquire basic competences (verbal, mathematical, and interpersonal) which are a necessary foundation upon which to develop occupational skills. To acquire basic occupational skills often requires a training cycle of a year, sometimes longer. Quality skill training for good jobs is not cheap. The Commission is concerned that those responsible for training programs have often been concerned with

maximizing enrollments and reducing unit costs rather than with enrollees' mastery of new skills. As noted earlier, the Commission is particularly concerned about the disproportionate emphasis that many prime sponsors appear to have placed on work experience programs.

While the recent recession may have significantly reduced the opportunities for on-the-job training slots in the private sector because employers were reducing, not expanding, their work force, the downgrading of such training in CETA programs is a serious concern to the Commission. The recent expansion in employment makes it desirable, in fact essential, that CETA prime sponsors seek a large increase in on-the-job training.

Therefore, the Commission recommends that: (18) (A) *The Department of Labor, in association with the Department of HEW, provide technical assistance to prime sponsors who desire to strengthen their training facilities and programs;* (B) *Congress provide the Secretary of Labor with an additional \$100 million for incentive grants to be distributed among prime sponsors, on a competitive basis, who agree to strengthen their training efforts and to reallocate some of their Title I funds to this end.*

(C) *In view of the substantial reduction in on-the-job training in the private sector during the recent recession, the Secretary of Labor should launch a renewed effort to encourage the nation's major corporations to accept targeted numbers of hard-to-employ persons, including those who have exhausted their unemployment insurance benefits, out-of-school youth, and employable persons on the welfare rolls. The key elements in such a drive would include a basic training subsidy of around \$2,000 to \$3,000 per person, simplified administrative and recordkeeping requirements, and an effort to create an environment whereby these large corporations would be recognized for their social responsibility in participating in such an effort.*

The Education Amendments Act of 1976 requires that the national and state advisory councils on vocational education and CETA have at least one member in common. These amendments also require that the councils comment at least once a year on the report of the other advisory group. These requirements represent the most recent effort by the Congress to effect a closer interrelationship in the planning and operation of the vocational education and manpower efforts so that they be mutually supportive of persons who require skills training and so that duplication and inefficiencies in the several training systems are minimized.

Most of the public training apparatus (i.e., the vocational education and community college systems) at the local and area levels are under the control of the educational authorities. The Commission believes that it is essential that the manpower training efforts supported by the federal government be more closely linked with these basic structures so that the hard-to-employ have greater access to them.

Accordingly, the Commission urges that the principal elected officials at state, county, and local levels act to bring about a closer linking of these efforts so that the hard-to-employ will have greater access to all of the training facilities in the community.

It is the Commission's belief that state, county, and local officials should review the effectiveness of the skill training centers in their communities which were established with federal manpower funds in the late 1960s to serve primarily inner-city clients in need of occupational training and related manpower services. Based on this review, these officials may find it necessary to take corrective actions, including closing certain institutions, merging others, and refurbishing those that are effective, so that these institutions can provide needed training without unnecessarily duplicating what is available elsewhere in the community.

The desirability to tie training more closely to employer hiring is a constant challenge. The Commission has repeatedly noted the need for increased involvement of both private sector enterprises and organized labor in planning, monitoring, and evaluating training programs and subsequent employment of the program's graduates. There is a well documented need for better labor market information, including trends on job expansion and reduction; in addition, employers and organized labor should be encouraged to participate more actively in the design and conduct of publicly supported training efforts, especially through increased involvement in local advisory councils. Indeed, without their active involvement it will be difficult and perhaps impossible to strengthen the nation's training base.

For many occupations, on-the-job training is recognized to be the most effective approach to skill acquisition. This points up once again the need to link training more closely to the requirements of employers. Moreover, we need to learn more about which approaches to skill training are the most effective. This, too, requires the active involvement of employers and unions.

Finally, the Commission recognizes that the ultimate success of quality training is a factor of the availability of employment opportunities for those who complete their training. Improvements in training can have only limited benefits as long as the overall level of unemployment remains excessively high.

3. The Manpower Knowledge and Information Base

The design of an effective employment strategy requires a stronger manpower knowledge and information base than is presently available. In its two years, the Commission has been repeatedly impressed by the large sums, totaling about \$4.8 billion in fiscal year 1976, expended on manpower and manpower related programs in the face of great gaps in knowledge about the benefits to the individual and to the nation from specific programs. Of

particular concern are such questions as the net employment effects of job creation efforts; the net costs of specific manpower activities; alternative uses of manpower funds directed to improving the employability and job opportunities for the unemployed.

The economic and social significance of the nation's employment problems are such that the existing knowledge and information gaps need to be identified and filled as expeditiously as possible. Therefore, a major item on the nation's manpower agenda is the expansion and improvement of its manpower knowledge and information base.

This will include a broad spectrum of activities, ranging from in-depth empirical research to manpower program information, such as program completions and subsequent job placements reported through management information systems.

The Commission has identified four major areas in which it believes improved and expanded efforts should be considered:

- Basic research, including longitudinal studies, which will provide more information about the labor force experience of individuals over time and more understanding of the dynamics of labor markets;
- Operational data and information about the labor market experiences of groups and sectors with special employment problems;
- Well structured experimental and demonstration (E/D) efforts to assist in the design and testing of new programs to meet critical manpower problems;
- Evaluation and other assessment efforts to monitor the efficacy of existing policies and programs to provide guidance for policy changes.

In the Commission's view, the funding and staffing level of the current manpower research effort is disproportionately small compared to the scale of manpower problems and the current level of funding for manpower programs. Several billion dollars of operational programs are being designed and operated on an inadequate knowledge base.

In its assessment of the nexus between manpower research and policy formulation, the Commission concluded that:

- Policymaking and manpower program design will be only as good as the understanding and knowledge of the "real world."

- Of particular importance is the need to better anticipate emerging policy and program issues and to attempt to so direct research and data efforts. Research cannot be instantaneously redirected.
- The achievement of better knowledge and information is not the sole responsibility of the manpower researchers, statisticians and data analysts; the responsibility rests also with the policymakers and program designers themselves who must help guide these efforts.
- An adequate knowledge-information base is not easy to conceptualize, design, or implement. Moreover, it is expensive, and often the returns are not readily perceived.
- An improved knowledge-information base is equally important for state/local levels of activities. The needs and interests of employers, unions, and the individual labor force participants are important and must be considered in the program design.
- Although a committee of experts of the National Academy of Science found that the research effort of the Department of Labor has had a good track record, the committee pointed out many areas where significant gains could be made if the program were better funded and the staff enlarged.
- Finally, even with an improved knowledge and information base, there must be the capacity and a will to use it in the formulation of policy and the design of programs.

The Commission believes that a major effort must be undertaken to improve the quantity and quality of manpower knowledge and information which will become available to manpower policymakers and program operators. It recognizes that major improvements will require substantial increases in funds and staff resources. It further recognizes that extensive work has to be undertaken to develop the improved concepts, methodologies, and techniques which are needed to underpin the expanded effort. The Commission believes that, without a considerably strengthened knowledge base, the nation will not be in a position to successfully address the severe employment problems which are before it. For too long the country has been attempting to address its employment issues with an inadequate understanding of the problems involved. Too often, the wrong problems have been addressed and the wrong approaches instituted, with inevitably marginal results.

The Commission is heartened by the recent establishment through Congressional action of the National Commission on Employment and Unemployment Statistics and the National Commission on Unemployment Compensation. Both of these special Commissions should spur the development of improved

manpower and labor market information. The Commission notes that the statistical information on which federal allocations are currently based provide less than fully reliable labor market information, and thus has created many operational problems including law suits by the affected jurisdictions. While the Commission recognizes that the collection and analysis of local labor market information are difficult and costly, it believes that more effort must be expended to improve coverage, timeliness, and quality.

The decentralization of manpower delivery services should not be allowed to weaken the quantity and quality of program information available to the federal government. Program data are needed to assess performance and to account for the expenditure of public funds. As responsibility for operating manpower programs has been shifted to state and locally elected officials, it becomes more important that the federal government prescribe the basic information system and standards that must be in place to yield the information essential to assess the programs including compliance with regulations.

Without adequate data for assessment and control the federal government is engaged in a revenue sharing effort, not in overseeing substantive manpower programs.

The Commission will provide advice and recommendations to the newly established National Commission on Employment and Unemployment Statistics and the National Commission on Unemployment Compensation. Initially, however, it urges that the National Commission on Employment and Unemployment Statistics consider how the routine collection analysis and release of unemployment data reflect such factors as:

- Separate rates for full-time and part-time members of the labor force;
- Separate rates for young people enrolled in school and out of school youth seeking full-time employment;
- Unemployment related to family income and earnings;
- The periodic collection and analysis of data revealing the total underutilization of labor, such as reflected in persons who are underemployed, discouraged, and working part-time because of the shortfall in full-time jobs;
- Periodic analysis of the growth of jobs in terms of quality as defined by wage rates and/or earnings.

There has recently been a shift toward experimenting with new social programs prior to their full scale implementation. Examples of this approach

are the several income maintenance experiments undertaken as part of the welfare reform efforts of the early 1970s. The use of well structured experimental and demonstration pilot projects to test concepts, program designs, as well as operational and administrative approaches, has merit. However, these efforts must be well designed with built-in research and evaluation procedures. Moreover, they must be on a substantial scale if valid findings are to emerge. The Commission endorses the expanded use of major experimental and demonstration efforts in critical manpower policy and program areas. It cautions, however, that such efforts should not be used as substitutes for major national efforts to respond to human needs and economic necessities.

There are many areas where well developed and substantial E/D efforts could lead to new national manpower initiatives. Accordingly, the Commission recommends that: (19) (A) *Congress provide that 1% of program appropriations be devoted to research and 2% be utilized for experimental demonstration programs.* The Commission notes that it is less expensive for the nation to invest small sums in determining whether a new approach would be effective than to establish a new program and to learn later that the approach is inherently flawed.

(B) *With respect to experimental and demonstration efforts, the Commission recommends a range of exploratory approaches, including:*

- *new ways to use tax and other financial incentives to encourage employers to hire, train and retrain hard-to-employ persons;*
- *the potentialities of "supported work" projects, directed to enhancing the employability and employment of such difficult-to-place groups as ex-offenders, ex-drug addicts, female heads of households who have been out of the labor force, and ex-mental patients;*
- *development of part-time employment opportunities in public agencies or community organizations close to the homes of women on welfare with young children and senior citizens who would welcome the opportunity of being engaged in useful work.*

The above recommendations are in addition to the Commission's recommendations of an experimental program of assured jobs outlined on page 36.

In an expansion of the E/D program, the Commission suggests that the following areas be considered:

- *Simulating the selected use of tax credits to encourage expanded employer efforts to provide entry training, remedial education, and the upgrading of unskilled employees.*

- Testing the use of vouchers for unemployed individuals who need training and who could in this way solicit their own training opportunities in either the private or public sector.
- Exploring alternative forms of financial assistance to apprenticeship programs, especially in occupations not now served by such programs, in order to expand the quality of apprenticeship training and to broaden its capacity to include individuals with employability handicaps.
- The development of employer-union and public-agency consortiums which would operate area-wide skill centers with courses and other support activities more closely linked to employers' requirements and the needs of the long-term unemployed.
- The testing of a subsidized "shared time" program whereby individuals, including the presently employed in need of skill upgrading, could alternate between employment and related institutional training. The development of other approaches to expand educational and training opportunities for the existing work force, particularly for mature workers, should also be pursued.
- The use of hiring premiums to create employment opportunities for the long-term unemployed with significant employability handicaps.
- The possible use of UI benefits to compensate partially for reduced work schedules in a recession, which would contribute to the maintenance of employment relations for a larger number of workers.
- The development of an expanded system of supported work programs for individuals with severe employability handicaps such as prison records, drug addiction, and social adjustment problems with an aim of establishing a transition mechanism into regular employment for them.

The Commission also notes that the strengthening of evaluation and assessment efforts of manpower programs should be made a priority at all levels of government and that consideration should be given to providing additional funding for such efforts. It further notes that improved program data and management information systems, as well as a system of performance standards, must be put into place if useful evaluations based on operational data are to be made. Lack of adequate information on job placement and subsequent employment experience, including earnings, of program participants makes it difficult to judge which programs and activities best address different types of employability problems. Much of the difficulty in the design of more effective manpower policies and programs arises from the currently inadequate knowledge of the results of programs now in effect.

The Commission concludes that the effectiveness with which the federal dollars are translated into manpower services for unemployed and underemployed persons depends on how well these programs are designed, coordinated, and delivered. The Commission notes that it has a continuing responsibility from the Congress to address the effectiveness and coordination of manpower and manpower-related programs. In April 1977, it will submit its second major report in this area. At this time, it recommends the following actions: (20) *(A) Arrangements within the Executive Branch of the federal government to assure improved coordination at the decisionmaking level between the macro-economic decisionmakers and those responsible for manpower policies and programs.*

(B) The Congress hold periodic meetings of the Joint Economic Committee and the Committees on Labor in the House and Senate to assure simultaneous consideration of macro-economic and manpower policies. To facilitate such coordination, the Employment and Training Report of the President should be recast to provide policy guidance and, together with the reports from the Council of Economic Advisers, serve as a point of departure for Congressional exploration and assessment.

(C) Every level of government (federal, state and local) seek to increase the participation of the principal nongovernmental sectors, particularly business, labor, and community based organizations in the design, management and operation of manpower programs. The Commission believes that one of the most serious shortcomings in the manpower arena since the early 1960s has been the failure to involve fully these nongovernmental groups.

The Commission further notes its recent mandate from the Congress in the Emergency Jobs Program Extension Act of 1976 to undertake an in-depth assessment of the net employment creation effects of job creation programs. The Commission has begun this work and plans to make its findings and final recommendations to the Congress early in 1978, as the law requires. The Commission will provide interim findings and recommendations as appropriate.

IV. COMMISSION AGENDA

A. Future Directions

A primary concern of the Commission during 1977 will be to assess the progress being made to implement the recommendations advanced in this report, specifically towards the accomplishment of the three interim goals. It will formulate additional recommendations if developments so indicate.

Under statutory directives, the Commission must pursue a series of responsibilities including its evaluation of the effectiveness of manpower policies and programs and advising the Congress and the Executive Branch with regard to how the wide range of programs can be more effectively coordinated. As noted above, the Commission will forward its second major report on program coordination to the Congress in April 1977. The report will cover, inter alia, a range of activities conducted at every level of government—federal, state and local—aimed at improving the interrelationships among the principal agencies involved in the delivery of manpower programs and services.

New responsibilities outlined earlier will include the Commission in a major study of the substitution effects of public service employment. Through its Chairman, the Commission is to advise the newly established National Commission on Employment, and Unemployment Statistics, and it is to consult, through cross membership, with the National Advisory Committee on Vocational Education (effective October 1977).

Since the primary focus of the Commission's work is on issues of employability and employment, specifically policies that can advance the nation towards the goal of full employment, the Commission will also focus attention on several related areas, including:

- Immigration policy and illegal immigration;
- The factors affecting the rate of job expansion, including the influence of foreign trade policy, taxes and other burdens on the expansion of employment;
- The employment outlook in health, scientific, and other technologically based industries;
- The manpower implications of the nation's energy policy;

- The continuing assessment of the experience of Organization of Economic Cooperation and Development countries in dealing with their employment problems and the relevance of this experience for the United States.

In presenting its *Second Annual Report* to the President and the Congress, the Commission stresses its conviction that the resolution of the serious unemployment problems that confront the nation will require a sustained and substantial national commitment. It is the Commission's hope that its recommendations and advice will help the nation's leaders in structuring an employment strategy for the United States.

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APPENDIX A

Summary of Recommendations made by the National Commission for Manpower Policy 1975-1976

This appendix recapitulates the recommendations made by the National Commission for Manpower Policy in its first annual report and the three interim reports issued to date. Together, the Summary of Recommendations, Part I of this Second Annual Report, and this appendix present the full range of recommendations made by the Commission during its two years of existence.

Reports in order of publication are:

An Interim Report to the Congress of the National Commission for Manpower Policy: *The Challenge of Rising Unemployment*, Report No. 1, February 1975.

An Interim Report to the Congress of the National Commission for Manpower Policy: *Public Service Employment and Other Responses to Continuing Unemployment*, Report No. 2, June 1975.

First Annual Report to the President and the Congress of the National Commission for Manpower Policy: *Toward a National Manpower Policy*, Report No. 3, October 1975.

An Interim Report to the Congress of the United States: *Addressing Continuing High Levels of Unemployment*, Report No. 4, April 1976.

The recommendations which follow are organized under major subject matter headings including job creation, income maintenance, manpower program delivery, energy and others.

I. JOB CREATION

Public service employment (PSE) and public works are two types of governmental job creation which have been given much attention in the 1974-1975 recession. The issue of direct governmental job creation, however, goes beyond countercyclical concerns and includes such issues as its role as a manpower development tool, its use as a means of dealing with other structural employment problems, and consideration of its potential use in providing job opportunities in the development of a "full employment policy."

A. Public Service Employment

1. Objectives and Design

Much of the Commission's deliberations was devoted to consideration of the objectives and design of PSE. Recognition was given to the need to distinguish between the multiple objectives of PSE and the need to restructure PSE into specific program components in order to achieve different objectives.

In June and again in October 1975, the Commission recommended:

- That the Department of Labor should explore ways of restructuring PSE to more adequately reflect the following three goals and seek an early opportunity to put forward legislative proposals for a new program structure:
 - Provide manpower developmental experiences for the hard-to-employ aimed at facilitating their transition to regular employment;
 - Provide employment opportunities for regularly attached members of the work force who lose their jobs during severe economic downturns; and,
 - Provide employment opportunities for groups and communities which experience significant loss of employment opportunities due to major structural dislocations.

2. Program Level

In its February 1975 report, the Commission was concerned about the then rapidly rising level of unemployment and it saw the need to appropriate fully the PSE funds authorized by the Emergency Jobs and Unemployment Assistance Act. It recommended that:

- That the remaining \$1.6 billion authorized for PSE Title VI be appropriated.

The Commission in June and September reviewed the overall program level of PSE.

- It recommended that a program level for PSE not to exceed 400,000 jobs be provided.

3. Non-Personnel Costs

The Commission found that the usefulness of work performed with PSE funds was constrained by the requirement that not less than 90 percent of the funds be expended for wages and fringe benefits.

Therefore, in June 1975, the Commission recommended:

- That the allowable ceiling for non-personnel costs be raised from 10 to 15 percent so that adequate work supplies and equipment may be purchased;
- That the experience under this new 15 percent ceiling be monitored to determine whether an additional 5 percent increase to 20 percent might result in even higher gains in the amount of socially and economically beneficial work performed under PSE.

4. Income Ceiling for Eligibility

The Commission felt it was inequitable to have individuals in families with secondary wage earners competing with unemployed family heads without regard to the total financial needs and resources of their respective families. A household income ceiling for eligibility would be a spur to increasing the proportion of PSE jobs available for disadvantaged persons.

Consequently, in June 1975 the Commission recommended:

- That Congress establish a maximum family (or household) income ceiling for persons to become eligible for PSE jobs.

5. Wage Ceiling

The Commission was aware of pressures from some prime sponsors to increase the \$10,000 PSE wage ceiling established by the Comprehensive Employment and Training Act (CETA) legislation. An increase would permit the employment of better qualified supervisors, facilitate the filling of higher level jobs, and make the PSE wage scales more comparable to regular wage scales in some of the larger cities. However, the Commission found that there was a need to maximize the job creation impact of PSE funds and that there was not assurance that increasing the wage ceiling would lead to greater overall productivity.

Therefore, in June 1975 the Commission recommended:

- That, because of the relatively high direct costs of a PSE job, the \$10,000 wage ceiling now in effect be maintained until it can be demonstrated that raising this ceiling will contribute to increasing the overall productivity of PSE and that it is administratively possible to prevent the average cost from rising above the present \$8,000 level.

6. Performance Data

The Commission was concerned about the need for more detailed and timely data on PSE program performance.

In June 1975 the Commission recommended:

- That the Department of Labor review the present management information system with an aim toward securing more promptly, at least on a sample basis, data about the characteristics of PSE employees and related information of broad concern to the Congress, the Administration, prime sponsors and the public.

7. PSE as a Permanent Manpower Component

The country currently operates two principal PSE programs under CETA: Title II seeks to provide manpower development opportunities for the hard-to-employ; and Title VI, containing no transitional provisions, is largely directed at offering temporary jobs to members of the work force who, in the absence of a severe recession, might otherwise be employed in a regular job in the private or public sector. As noted above the Commission is supportive of a PSE component which serves as a manpower development tool for the chronically unemployed.

In order to accent its endorsement, in June 1975, the Commission recommended:

- That the Title II approach, with its emphasis on transitional opportunities for the hard-to-employ, continue to be emphasized to the maximum possible extent.

In September 1975, the Commission continued to be concerned about the transitional process whereby persons in PSE move into regular jobs and it recommended:

- That the Department of Labor review the steps which might be taken to strengthen this important aspect of PSE.

To further facilitate transition into regular employment, the Commission in September also identified the need to increase the skills of PSE employees. It recommended that:

- To the extent feasible, PSE jobs should be tied to relevant training programs, including those sponsored by community-based organizations, so that as the economy recovers, these individuals will have the skills with which to compete more effectively in the expanding job market.

8. Role for Private Non-Profit and Community-Based Organizations

Although PSE can play a very useful job creation role in economic downturns, there are limitations to the additional numbers of workers that state and local governments can productively absorb in the short run. Another factor is that local and state governments face difficult problems in adding unemployed persons to their payrolls through PSE while they are simultaneously being forced, because of reduced revenues, to release regular employees.

There appears to be, therefore, a need to expand the involvement of other agencies and organizations as providers of PSE job opportunities.

In June 1975 the Commission recommended:

- That the Department of Labor, in redesigning PSE to meet the multiple roles and objectives give serious consideration within the CETA framework to increasing the involvement of private non-profit and other community-based organizations in managing and operating PSE programs.

In April 1976, the Commission recommended:

- Even in the face of the proposed phase-down, the Commission recommends that funds be made available to the Secretary of Labor under Title III to experiment with a Community Job Development Program that would include projects that would provide useful work for long-term unemployed persons in depressed areas.

B. Public Works

The Commission in 1975 began a preliminary assessment of public works as an employment-creating device and has not yet reached a definitive conclusion. Although the Commission has been cautious about a traditional large scale public works program, it has left open the potential use of planned public works as an integral part of a countercyclical policy. Moreover, the Commission acknowledges the advantages of either a large program directed at accomplishing a major goal such as energy conservation or development, or "soft" public works to provide work experience and skill training for inner-city residents who might be employed on projects aimed at reducing neighborhood blight.

A related issue which the Commission has been addressing is the extent to which a proportion of the sizable income maintenance effort, particularly for the long term unemployed, can be transferred into some form of work based earnings.

In this regard, the Commission in October 1975 recommended:

- That the Department of Labor, in conjunction with other interested Departments, undertake a study of the various types of work-based earnings programs that might be established for the long term unemployed in lieu of a further extension of UI or forcing those who have exhausted their benefits onto the welfare rolls.

II. INCOME MAINTENANCE

The broad spectrum of income support to the unemployed includes unemployment insurance (including extended benefits and special unemployment assistance), welfare, food stamps and other income support measures.

A. Unemployment Insurance (UI)

1. *Improving the UI System*

The Commission believes that basic changes in the UI system are required and in its February 1975 report it supported the following objectives:

- Broadening permanent coverage to include currently excluded state and local employees and farm and household service workers;
- Providing incentives and requirements so that improved benefit standards are achieved;
- Revamping the extended benefit provisions so that the trigger mechanism now in the law will operate more effectively to provide benefits in times of above-average unemployment; and,
- Reassessing the financing of the unemployment insurance system, including the wage base against which the tax is levied.

Also of concern is the adequacy of reserves in the states' accounts to pay unemployment benefits in times of high unemployment and the relationship of these reserves to the central loan fund. The Commission was informed that many states will be forced to borrow during 1975 because their reserves will have been exhausted.

Although in June 1975 the Commission was not in a position to recommend specific proposals for basic improvement in UI, it did recommend:

- That the Administration develop legislation for strengthening the UI system and that the Congress give such proposals early consideration.

At its September 1975 meeting the Commission further reviewed possible reforms of the UI system including the various legislative proposals which were then under consideration. The Commission favored as a basis for Congressional action the proposed changes in coverage, benefit levels, and financing contained in HR. 8614 without endorsing the bill in its entirety. The Commission recommended:

- That legislation be enacted to improve the coverage, benefit levels, and financing of the UI system.

In April 1976, the Commission recommended the following actions:

- Congressional enactment of provisions of funding to assure adequate financial support for the long-term unemployed (39 weeks) so that they will not be forced onto the welfare rolls.

- Early enactment of the new legislation, now pending before the Congress, which, in addition to providing improved benefits and assuring financial stability of the UI system, will provide permanent coverage for those who were earlier supported by Supplemental Unemployment Assistance.

2. *Extension of Special Unemployment Assistance (SUA) Benefit Duration*

With the passage of the Special Unemployment Assistance Program legislation, certain groups of workers, primarily agricultural, domestic, and local government workers, who had not been covered by UI, were declared eligible for up to 26 weeks of UI benefits.

The Commission believed that the passage of this legislation presented an important forward step in meeting the immediate challenge of rising unemployment. It was concerned, however, in light of the severity of unemployment, that the SUA benefits were limited to only 26 weeks.

Therefore, in February 1975 the Commission recommended:

- That the Department of Labor monitor the experiences of persons who receive Special Unemployment Assistance to determine what happens to them after they exhaust these benefits. If early findings suggest that many are forced onto the welfare rolls, the Commission recommends that Congress amend SUA to extend the maximum benefit period for an additional 13 weeks.

3. *Extended Benefits*

In late 1974, because of the recession, the number of weeks during which an unemployed worker may receive UI compensation was extended from 26 weeks to 52 weeks. In its deliberations the Commission weighed the desirability of aiding many persons through an extension of UI benefits against the potential danger of converting the system to another form of welfare or quasi-permanent income maintenance system. In view of the severe unemployment situation and the ability of the UI system to respond quickly, the Commission supported a temporary further extension of benefits.

In June 1975 the Commission recommended:

- That the duration of benefits for the long term jobless be extended to a maximum of 65 weeks through December 1976; and that aid to persons not previously covered by UI but who currently receive assistance under the Special Unemployment Assistance Program also be extended through December 1976.

4. *Special Unemployment Insurance Commission*

The Commission believed that there were many important issues in the Unemployment Insurance system that needed to be addressed. These included the system's viability in protracted recessions and its relationships with other income support systems such as welfare and with manpower training and related activities.

In June 1975 the Commission recommended:

- That a special Commission be established to thoroughly reexamine the UI system with a view to strengthening its role in providing income protection for unemployed workers.

S. Expanding the Manpower Role of the UI System

The Commission agrees with the intent of recent legislation which provides that, after 39 weeks of UI, individuals in need of training would have to accept it, when it is available, in order to retain their entitlement to benefits. If the intent is to be fully realized, however, there must be a considerable expansion of training and job opportunities.

The Commission in October 1975 recommended:

- That the UI Commission, or the U.S. Department of Labor if the UI Commission is not authorized, undertake a comprehensive study of how UI can be transformed in part into a manpower support program with particular emphasis on expanding training opportunities and mobility assistance.

In April 1976, the Commission recommended that:

- Congressional action to link the UI system more closely to the manpower development and training system, so that an increasing number of unemployed persons can be provided skill training and other services early in their period of unemployment benefits and surely at the end of 39 weeks of support.

B. Adjustments in the Welfare System

1. Aid to Families with Dependent Children: Unemployed Fathers

In 1961, the Congress amended the AFDC program to permit states to provide welfare to needy families with dependent children when an unemployed father lived at home. Since that time 25 states and jurisdictions have taken advantage of this provision.

The Commission recommended in February 1975:

- That Congress require the states to accept on AFDC families who are in need due to the unemployment of the father.

2. Work Tests

The Commission was also concerned about the multiplicity of work tests used in different income support programs. Its preliminary review points to duplication and inefficiency.

In October 1975, the Commission recommended:

- That the Department of Labor, in cooperation with other concerned Departments, take the initiative to review how the existing work test procedures involved in UI, Food Stamps, and Work Incentive (WIN) programs can be rationalized into a more effective and equitable work test system.

C. Special Assistance to The Unemployed

1. Mortgage Payments Assistance

The Commission was concerned that many unemployed persons and their dependents face special hardships in meeting their mortgage payments. More needs to be known, however, about the extent and nature of this problem and the possible legislative and other remedies that may be appropriate.

In June 1975 the Commission recommended:

- That the Secretary of Housing and Urban Development keep foreclosures under close surveillance; that a sample be taken of communities with high and sustained unemployment to assess the extent and nature of the problem; and, that the Department provide the Commission by September 1, 1975, a report assessing the magnitude and nature of the problem with recommendations as appropriate.

2. Health Insurance Assistance

The employment downturn has left many workers who had employment-related insurance without adequate health care cost protection.

In June 1975 the Commission recommended:

- That the Secretary of Health, Education, and Welfare undertake an analysis of the proportion of unemployed persons who lose their health and/or hospital insurance and of alternatives available to these unemployed and their dependents for securing essential health care; and, that HEW prepare a report by September 1, 1975, outlining its findings and recommendations. Additionally, the report should include any evidence that can be retrieved from existing HEW statistical sources regarding the impact of insurance cancellations on declines in hospital utilization, shifts in types of facilities used, or increases in hospital accounts receivable and in bad debts.

III. MANPOWER PROGRAM DELIVERY

As required by CETA Title V, the Commission undertook a major study of the utilization and interrelation of manpower training with closely associated programs such as those conducted under the Wagner-Peyser Act, the Work Incentive Program (WIN) under the Social Security Act, and others of a similar nature with an aim of determining how they could be better coordinated. In addition, the Commission had begun a preliminary analysis of program performance under CETA and noted some problems.

A. Program Coordination

1. Overall Coordination

The Commission's study on program coordination found that many of the CETA prime sponsors and governors' manpower staffs who have tried to perform the coordination functions assigned to them by CETA have been frustrated by the reluctance of non-CETA program managers to cooperate in sharing plans and information. Many aspects of existing rules, regulations and internal procedures were cited as impediments to coordination. Overall, manpower coordination is further hindered by significant differences in program planning cycles, terminology and reports. These problems jeopardize effective program planning, administration and evaluation. Additionally, manpower planners need a solid, comprehensive base of labor market information (LMI). This base must be timely and accurate and meet the special information needs of sponsors.

In October 1975, the Commission recommended that:

- The Departments of Labor and Health, Education and Welfare through amendment of their respective regulations require that the annual plans for the Employment Service, the WIN program, Vocational Education, Vocational Rehabilitation, and Social Services provided under Title XX of the Social Security Act be coordinated through the CETA system and that state access to the local portions of such plans

be provided to the CETA sponsors. Further it is recommended that the governors' and prime sponsors' comments on non-CETA programs be considered by the appropriate funding agency prior to grant awards.

- Congress in its consideration of the renewal of the CETA authorization develop amendments to CETA and the enabling legislation for the other enumerated programs, to make clear its intent that the mandate for coordination applies to those programs as well as to CETA.
- The federal agencies that fund manpower and related human resources programs jointly seek, on an administrative basis, to standardize the planning cycles of the several major manpower and human resources programs to facilitate coordination in planning at state and local levels. If they should be unable to achieve such standardization on an administrative basis, they should make a recommendation for appropriate legislation to the Congress.
- The Departments of Labor and Health, Education and Welfare, with the cooperation of other federal agencies involved in manpower, develop and issue guidance for a standard manpower terminology and require its use in their respective planning information systems; and,
- The Departments of Labor and Health, Education, and Welfare, with the assistance of the Office of Management and Budget, review the present reporting requirements of the principal manpower and related human resources program with the objective of developing standard formats for programmatic and fiscal reporting. Further it is recommended that governors be encouraged to develop related standardized reporting systems within their states.
- The Department of Labor fund the state employment service agencies at a level sufficient to allow them to meet federal information requirements and to provide adequate labor market information for the purposes of CETA agencies.

2. Local Level Coordination

The Commission study found that the local prime sponsor planning councils, which have broad advisory responsibilities for program goals and operations, as well as for performing monitoring and evaluation, are not yet well developed. It was also found that few close ties between prime sponsors and the private sector have been established. The sponsors that have developed good ties, however, have shown beneficial results in terms of both coordination and job placements.

As a result of these findings, the Commission in October 1975 recommended that:

- The Department of Labor instruct the prime sponsors to review their use of the planning councils in light of the provisions of section 104 CETA, and to provide professional and clerical staff to support such councils.
- The Department of Labor issue appropriate guidance to prime sponsors emphasizing the planning councils' responsibilities under CETA with special reference to monitoring and evaluation responsibilities.
- The Department of Labor take appropriate steps to develop and improve the planning councils' ability to monitor and evaluate all manpower programs in their areas. Such steps should include the provision of technical assistance to prime sponsors.

- Prime sponsors be encouraged to develop closer ties to the private sector as a means of improving coordination and program delivery and that the Department of Labor develop and publish a technical assistance guide to help prime sponsors in this effort.
- Prime sponsors be urged to develop closer ties to community based organizations with manpower concerns, including those that are indigenous to the local area as well as those affiliated with nationally recognized groups.
- The Department of Labor establish a system of information exchange of program models that appear to be particularly effective in meeting the goal of improving coordination and program service delivery. Such a system should present the information in a greater depth than is presently provided in *Interchange* and the *Manpower Digest*. It could include a series of regional and national conference seminars.

3. State Level Coordination

The State Manpower Services Council (SMSC) is a principal coordination mechanism created by CETA. The SMSCs offer an opportunity for state agencies, many of which provide services to a common pool of clients (the disadvantaged), to share problems and experiences and to plan jointly for the use of resources. The Commission found that the states generally do not appear to be taking full advantage of the coordination opportunities afforded by the SMSC mechanism.

A second problem on the state level has emerged over the role and place of vocational education. To date concern over establishing an appropriate relationship between CETA and vocational education in a coordinated and comprehensive manpower system has been overshadowed by the more immediate problems associated with administration of the 5% grant to the governors for vocational education, under the CETA section 112. HEW has proposed new regulations that would provide for cooperative arrangements between vocational education boards and SMSCs and that would help to resolve difficulties with allowance payments and other operational problems.

Finally, problems of coordinating Title III programs for Indians, migrants, and seasonal farmworkers with Title I programs have occurred. There is little provision for the formal exchange of plans or review of activities between Title I and III sponsors. Problems with providing adequate technical assistance to Title III sponsors from the national DOL office have also occurred.

The Commission therefore recommended in June 1975 that:

- The Department of Labor in coordination with the Department of Health, Education and Welfare encourage the governors to increase the effectiveness of their State Manpower Service Councils [SMSCs] for both overall planning and coordination by:
 - Providing personal leadership in the work of these SMSCs;
 - Insuring that they are adequately positioned in the state governmental structure and have sufficient professional staff;
 - Relieving them of operating responsibilities for CETA balance-of-state activities.

- The Department of Labor in coordination with the Department of Health, Education and Welfare facilitate the strengthening of SMSCs by undertaking a special review of the SMSCs' coordination activities and of their impact upon the coordinated delivery of manpower and related services; and subsequently publish a technical assistance manual to provide detailed guidance on the more important structural and operational characteristics of successful SMSCs and make available other forms of more direct technical assistance.

In October 1975 the Commission reiterated its earlier findings and further recommended:

- That the Secretaries of Labor and Health, Education and Welfare review whether, through technical assistance or other means, their Departments might be able to speed the strengthening of the SMSCs so that they can provide more effective advice and assistance to the governor on coordination issues.
- That the Departments of Labor and Health, Education and Welfare, through administrative means, seek to assure that the state officials responsible for vocational education, and vocational rehabilitation are required to develop plans that are coordinated with those in the manpower arena. If this cannot be accomplished administratively, the Commission recommends that the Congress amend the relevant legislation to accomplish this goal.

In October 1975, the Commission recommended further that:

- The Department of Labor in conjunction with the Department of Health, Education and Welfare undertake a special review of the activities funded by the 4% discretionary grants to the governors; and subsequently issue a technical assistance guide containing information on procedures for:
 - Conducting an analysis of the needs which can be met through 4% funds.
 - Developing requests for proposals (RFP) or other techniques of proposal solicitation.
 - Monitoring and evaluating 4% projects as well as reporting to DOL on 4% activities.
 - Utilizing 4% funds to promote coordination among state agencies and prime sponsors.
- That the Department of Labor, in coordination with the Departments of Health, Education and Welfare, advise the governors of the potential of the 4% grant when used as a coordinating tool and encourage their giving priority to projects which:
 - Promote coordination among state agencies and prime sponsors;
 - Lead to the development of labor market information which can be used by prime sponsors and state agencies for planning purposes;
 - Encourage program evaluation, research and development;
 - Provide technical assistance to state agencies and prime sponsors with regard to how to coordinate their respective activities.

Other recommendations adopted by the Commission at its September 1975 meeting to improve coordination at the state level included the following:

- That the Departments of Labor and Health, Education and welfare advise the states as to the value of a regular exchange of information within the manpower community of the states and encourage those states that have not done so to establish active information exchange programs, including prime sponsor meetings and newsletters.
- That the Departments of Labor and Health, Education and Welfare undertake a joint review of vocational education-CETA coordination issues and develop a special technical assistance publication for the use of state and local officials in implementing the new regulations; if adopted.
- That the Department of Labor establish procedures providing for SMSCs and prime sponsor planning councils' review and comment on all Title III programs proposed for their respective areas prior to the funding of such programs; and,
- That the Departments of Labor and Health, Education and Welfare provide guidance, and technical assistance to state manpower agencies and prime sponsors regarding the latter's assistance to Title III grantees in the areas of grant application, reporting, and grant management.

4. Federal Level Coordination

Many coordination issues exist at the federal level which affect not only intra-federal relationships, but the activities of the states and prime sponsors as well.

In October 1975 the Commission made the following recommendations to improve coordination at the federal level:

- That the Department of Labor and the Department of Health, Education and Welfare review their plans, programs and capability to provide technical assistance and training in light of the current needs of state and local manpower staff and develop new programs designed to be responsive to state and local needs.
- That Department of Labor regional office staffs have training that familiarizes them with the processes and the problems of state and local governments.
- That greater use be made of the personnel exchange provisions of the Intergovernmental Personnel Act and that regional office personnel be assigned in greater numbers to state SMSC staffs and to local prime sponsors and that state and local personnel be assigned to regional office staffs.
- That the Department of Labor, in light of the past year's experience, review its guidance to prime sponsors and to the ES regarding the services to CETA clients that can be provided free under the Wagner-Peyser Act and those which are added cost items and issue new guidance based on that review.
- That the Department of Labor, through the United States Employment Service, increase the flexibility of State Employment Service administrative structures by ensuring that local ES officials are authorized to enter into working agreements with prime sponsors which reflect adaptability to local planning and delivery of services. Such working arrangements would range from information exchange in the

planning process to provision of labor market information to the development of contractual relationships.

- That the Department of Labor and Health, Education and Welfare jointly develop plans for the coordination of manpower and Title XX programs of the Social Security Act prior to the next planning cycle and that such plans be reflected in revised regulations;
- That the governors, through their SMSCs, in the exercise of their responsibilities under both CETA and Title XX of the Social Security Act, begin the actions necessary to encourage coordination in delivery of manpower and social services under their current plans and to prepare for coordinated planning during the next planning cycles.

B. Program Performance

1. CETA as a New Manpower System

The Commission in its initial activities has made some judgments in several manpower program areas. Some problems have emerged in the implementation of CETA and, as with any new program, legislative and administrative improvements can be made. Overall, the Commission found the basic CETA approach to be appropriate.

Therefore, in October 1975, the Commission recommended:

- That the present CETA structure be given a fair chance to prove itself before it is subjected to a major overhaul, particularly any restructuring which would retreat from the principles of decategorization and decentralization.

2. Increasing the Skill Training Effort

The Commission notes the heavy emphasis given to work experience programs under Title I of CETA. Although use of this program component was to be anticipated during a recessionary period, it is appropriate that occupational skill training efforts now receive greater emphasis as the economy begins to recover. Indeed the Commission believes that occupational and related skill training should receive major emphasis even during economic downturns. The Commission recommended:

- That the Department of Labor encourage prime sponsors to increase the proportion of effort given to occupational training and that, in conjunction with the Department of Health, Education and Welfare, the Department of Labor provide technical assistance and guidance to prime sponsors who are expanding their occupational training capabilities.

Again in 1976 the Commission recommended:

- A shift to an enlarged skill training effort, which might include the channeling of some of these funds through Title III to assure that they are made available only when local sponsors can provide quality skill training.

3. Linkages with Trade Adjustment Assistance

In assessing the performance of CETA, attention has to be given to the other manpower systems which interact with the CETA system. The potential growth and importance of the Trade Adjustment Assistance program, which provides for a wide range of manpower

services as well as income support for workers adversely affected by foreign trade developments, points to the need for an early assessment of the relationship of this new program to CETA and other manpower related activities. The Commission recommends:

- That the Department of Labor initiate such a study to determine what new and improved linkages can be developed between these two manpower systems.

4. *Summer Youth Programs*

The Commission has expressed its discontent with the traditional last minute funding actions taken by Congress and the Administration with regard to the summer youth programs. These actions have precluded effective planning by prime sponsors and have diminished the effectiveness with which the federal dollars are used to assist young people to improve their prospects for productive employment.

In June 1975, the Commission made the following recommendations relating to summer youth programs:

- That the Congress and the Administration take the necessary budgetary measures to avoid in subsequent summers the last minute funding actions which preclude effective planning by prime sponsors and diminish the effectiveness with which the federal dollars can be used to assist young people in improving their prospects for productive employment; and,
- That the Department of Labor, in concert with other involved agencies, undertake a review of the summer youth program to determine how the program might be redesigned, possibly on a year-round basis [in conjunction with youth-in-school and out-of-school work experience programs and other related efforts including those operated by community based organizations] to improve the skills and employability of young people who face a difficult transition into the world of work.

5. *Youth Employment Corporation*

Since the federal government is currently spending more than \$2 billion annually on manpower services for youths, much of which provides income maintenance and little more, an improved delivery system holds promise of potentially high returns.

In April 1976 the Commission recommended:

- That provision be made through Title III of CETA for the Secretary of Labor, in cooperation with the other agencies concerned with youth employment problems, to experiment with a limited number of pilot models (five or so) of a Youth Employment Corporation, with the aim of determining whether a unified management structure, in cooperation with employers, unions, and other groups concerned with creating meaningful job opportunities, can assure a more effective transition of disadvantaged youth into a regular labor market.

IV. ENERGY AND ITS MANPOWER IMPLICATIONS

The Commission has alerted both the Congress and the President to the fact that too little experience has been accumulated to undertake the desired quality of manpower impact studies of energy development and conservation measures on other areas of national policy.

In June 1975, the Commission adopted the following recommendations with regard to energy and its manpower implications:

- That the President and Secretary Morton, then Chairman of the Energy Resources Council, invite the Secretary of Labor to become a member of the Council so that the manpower and employment implications of energy policies can be infused early in the planning and decision-making process;
- That the Chairman of the Energy Resources Council establish a Manpower and Employment Subcommittee which will be charged with coordinating an assessment of the employment and manpower effects related to energy and developing a priority work program with a schedule for accomplishing specific assessment objectives;
- That the Manpower and Employment Subcommittee should, among its many areas of concern, give early consideration to the following issues:
 - Estimating the aggregate effect of new energy developments and policies on employment and future manpower needs and identifying related potential labor supply and demand imbalances nationally and in local labor markets;
 - Estimating the indirect employment effects of energy developments and policies, including the impact of higher fuel prices on small businesses and on workers who have no transportation alternative to the use of privately-owned vehicles;
 - Determining how the changing manpower and employment consequences of developments in energy policies and programs can be effectively monitored so that remedial governmental actions can be taken by manpower agencies and how findings of government impact studies can be disseminated to such groups as guidance counselors, vocational and technical schools, employers and trade unions, and community-based organizations that may need to adjust their programs to reflect changed energy developments; and,
- That the Director of the Office of Management and Budget support requests from the Department of Labor and other federal agencies to establish a permanent capacity to undertake on an ongoing basis manpower impact studies, without which the Federal government will be poorly positioned to assess the potential consequences of large scale changes in governmental policies, programs and decisions on manpower and employment.

V. OTHER RECOMMENDATIONS

A. Net Costs of Manpower and Related Programs

The Commission is concerned that decisions about manpower and related programs to stimulate employment are handicapped by conventional cost estimates calculated solely in terms of financial outlays without reference to the economic and human benefits that accrue from added employment. This is a serious error: preliminary studies suggest that a one percent reduction in unemployment results in an economic gain of \$14 billion of additional tax revenues and a savings of \$2 billion in income transfers. A more comprehensive approach to the full benefits should include the value of the output produced, the improved skills of the work force, and the human and social gains that redound to those who are productively employed rather than forced to spend idle days.

In April 1976, the Commission recommended:

- The Office of Management and Budget in collaboration with other agencies of the legislative and executive branches, particularly the Departments of Labor, Commerce, and Health, Education, and Welfare, encourage the development of a more sophisticated methodology to assess the net costs of programs aimed at reducing the pervasive costs of unemployment through alternative policies that involve both public and private sector actions and responses.

B. Improving the Manpower Knowledge Base

There is a critical need for increased efforts to improve our conceptual understanding of and statistical information about manpower programs and the results achieved therefrom. There are particular needs for a review of unemployment statistics; for alternative designs for improving the collection of area, local, and neighborhood labor market information; and for research into the multiple ramifications of the full employment concept. Since we annually spend several billions of dollars to ameliorate labor market problems and additional billions on work-related income maintenance efforts, an updating of our data collection methodologies and reporting systems should reduce the existing knowledge and operational gaps and improve the effectiveness of our manpower policy and programming. Representatives of several federal agencies, state and local governments, and other interested or affected groups should actively participate in any reviews and revisions that are conducted.

In April 1976 the Commission recommended:

... the following improvements in our data base:

- Intensified research efforts directed to exploring the complex issues associated with the concept of "full employment," the number of persons "able and willing to work," and the different meanings that attach to the measures of unemployment.
- The establishment of a new Commission on Unemployment Statistics to reassess the conclusions of the Gordon Commission, which reported in 1962, and to deal with the new issues that have emerged since that time.
- Experimental approaches focused on determining the feasibility and cost of improving the collection of local labor market information so as to strengthen the basis on which congressional allocations are distributed and manpower program performance is evaluated.

APPENDIX B

Reports and Publications of the National Commission for Manpower Policy, 1975-1976

This Appendix provides an annotated listing of all of the reports and publications prepared by or on behalf of the National Commission for Manpower Policy.

The reports and publications fall into three categories:

- *Policy Reports - Interim and Annual Reports to the President and the Congress.* This group of reports is used to convey formal, official policy positions and recommendations of the Commission to the Congress and to the Executive Branch.
- *Special Reports.* Special reports are used to convey a variety of information that is developed by or for the Commission. They may be used to report in detail on various Commission studies, to transmit consultants' reports, or report the proceedings of specialized conferences held by or on behalf of the Commission. Special reports do not represent official Commission positions.
- *Other Publications.* On occasion the Commission will have major publications developed on its behalf by outside experts or other institutions. These publications are intended to advance knowledge and/or help to focus discussion about one or more aspects of manpower policy. Usually such publications will be developed and published by an organization other than the Commission.

Interim and annual reports and special reports are available without charge from the Commission. Three publications in the following listing are available from the publishers.

POLICY REPORTS

An Interim Report to the Congress of the National Commission for Manpower Policy: *The Challenge of Rising Unemployment*, Report No. 1, February 1975.

This is the first report of the National Commission for Manpower Policy. The Commission's early months of organization took place against a backdrop of rapidly increasing unemployment and the Department of Labor's efforts to implement a major piece of manpower reform legislation, the Comprehensive Employment and Training Act of 1973 (CETA). The brief report states the Commission's view of the tasks that lay before it; makes an initial assessment of the manpower challenges of 1975—challenges relating mainly to rapidly spiraling unemployment and policy responses to it; and surveys briefly the longer range manpower policy challenges to be addressed by the Commission.

An Interim Report to the Congress of the National Commission for Manpower Policy: *Public Service Employment and Other Responses to Continuing Unemployment*, Report No. 2, June 1975.

This report presents the Commission's findings and recommendations based on its initial analyses of governmental responses to growing unemployment. Findings and recommendations are made with respect to public service employment; summer jobs for

youth; unemployment insurance; and other special assistance to the unemployed. Additional recommendations are made regarding energy and its manpower implications, and the coordination of manpower and related programs. Preliminary comments are made concerning the Commission's initial steps toward the formulation of a national manpower policy.

First Annual Report to the President and the Congress of the National Commission for Manpower Policy: *Toward a National Manpower Policy*, Report No. 3, October 1975.

This report covers three major areas:

- (1) The dimensions of a national manpower policy;
- (2) Manpower policy and macro economic policy;
- (3) Current manpower program assessment.

The discussion in the first area considers the reach of manpower policy; describes the Commission's activities in relation to it; and essays an assessment of American manpower policy in late 1975. In the analysis of manpower policy and macro economic policy, the interface of the two policy areas is analyzed; public job creation (public service employment and public works) are considered; and various income transfer policies are assessed. In the third part, the CETA system, unemployment insurance, and manpower program coordination are evaluated. The report contains an appendix that recapitulates all policy recommendations made by the Commission during its first year of existence.

An Interim Report to the President and the Congress of the National Commission for Manpower Policy: *Addressing Continuing High Levels of Unemployment*, Report No. 4, April 1976.

This report reflects the Commission's concern that unemployment, though abating at the time of the report, was expected to continue at very high levels for some time to come. The report discusses and makes recommendations with respect to actions that might be taken to cope with this situation. Among the areas considered are: community-based public service employment efforts; labor intensive public works designed to provide community improvements; special revenue sharing; and unemployment insurance. Other recommendations are made with respect to improving the manpower knowledge base and a youth employment corporation demonstration.

Second Annual Report to the President and the Congress of the National Commission for Manpower Policy: *An Employment Strategy for the United States—Next Steps*, Report No. 5, December 1976.

This report presents the Commission's conclusions and recommendations on an employment strategy for the United States. It recommends a national commitment to achieving full employment and the establishment of a set of interim goals to measure progress toward that goal. In this report, the Commission also recommends actions aimed at improving the employment and employability of youth, improving the interrelationship between income transfer and employment strategies, and ways in which the manpower infrastructure can be strengthened.

SPECIAL REPORTS

Proceedings of a Conference on Public Service Employment, Special Report No. 1, May 1975.

This is a report of a Commission working conference on public service employment (PSE) held in Washington in April 1975. The conference was designed to assist the Commission in formulating its recommendations to the Congress regarding PSE. Themes addressed at the conference included the role of PSE in manpower planning; the advantages and disadvantages of PSE as against alternative programs; strengths and weaknesses of the PSE "triggers"; and the respective roles of PSE and public works. Participants included, among others, representatives of business, organized labor, state and local governments, academe, and federal executive and legislative organizations. The report includes a summary of the conference discussion; a Commission issue paper on public service employment; other background papers prepared for the conference; and additional pre- and post-conference comments prepared by participants.

Manpower Program Coordination, Special Report No. 2, October 1975.

This report addresses the issues related to the coordination of federally supported manpower programs including programs arising under CETA, the Wagner-Peyser Act, the Vocational Education Act and other legislation. It examines the concept of coordination in manpower programs and the background of coordination issues, and it reviews overall planning issues related to coordination. Coordination problems and opportunities at local, state, and federal levels are considered. The report is based on information developed through mail surveys, Commission staff field work, and two field conferences conducted by the NCMP in connection with the coordination study.

Recent European Manpower Policy Initiatives, Special Report No. 3, November 1975.

This report was prepared for the Commission by Dr. Charles D. Stewart for the purpose of informing the Commission of the ways that European nations were dealing with complex manpower problems similar to the ones faced by the United States during the recession of 1974-75. It reviews the methods used by the Western European countries during the recession to maintain incomes and to help maintain job attachments. Further the report examines expansionary measures employed by the industrial nations during the recessionary period. The report was based on first-hand review by Dr. Stewart.

Proceedings of a Conference on the Role of the Business Sector in Manpower Policy, Special Report No. 4, November 1975.

The report reflects the first of a series of working conferences designed to solicit the advice of a broad range of nongovernmental sectors on manpower and employment policy. It presents a summary of the conference discussion that emerged from a meeting with business leaders on the role of the business sector in manpower policy. The deliberations evolved around three broad themes:

- (1) overview of the role of the business sector in manpower policy;
- (2) corporate personnel policies and practices during high unemployment;
- (3) approaching job creation within the business sector.

The report's appendixes include prepared remarks by conference speakers.

Proceedings of a Conference on Employment Problems of Low Income Groups, Special Report No. 5, February 1976.

This special report is a product of a conference sponsored by the Commission and attended by persons knowledgeable about employment problems of disadvantaged and low income groups. The report concentrates on the impact manpower programs have on low income groups; the ways in which manpower policies may be changed to enhance the volume and quality of employment opportunities and income for client groups; and the reasons why community groups should have ongoing participation in the decisionmaking process for policies relating to the poor. The report also focuses on rural manpower problems, discrimination practices in certain manpower programs, problems of the elderly and women, limits of vocational education, and the role of work and welfare for the disadvantaged.

Proceedings of a Conference on Labor's Views on Manpower Policy, Special Report No. 6, February 1976.

This report represents highlights of a working conference held with a representative group of trade union leaders to gain their views on the directions for manpower policy. It summarizes the conference proceedings under four themes:

- (1) organized labor's view of the past 10 to 15 years of U.S. manpower policy;
- (2) the trade union movement's assessment of the relevance and impact of federal manpower policies during the present recession;
- (3) the desirable mix of income maintenance and manpower policies and programs;
- (4) major thrusts for future U.S. manpower policies. The report's appendixes include further information on the conference discussion issues, speaker's remarks and documents and position papers submitted by conference participants.

Current Issues in the Relationship Between Manpower Research and Policy, Special Report No. 7, March 1976.

This special report is a product of a conference sponsored jointly by the Commission and the National Council for Employment Policy which was designed to explore the relationship between manpower research and its impact or potential impact on the development of manpower policy. The report is based primarily on the contributions of individuals concerned with manpower research and policy. The researchers, analysts, and policymakers examined the role of research, evaluation, and experimentation and discussed the ways in which knowledge developed in these areas can be used to impact on policy. In addition, the report outlines the policy findings of the National Longitudinal Surveys, and highlights the knowledge gaps in local manpower planning. In conclusion, the report assesses the current knowledge in human resources areas relative to manpower legislation and sets forth a set of priorities the nation might consider in this regard.

The Quest for a National Manpower Policy Framework, Special Report No. 8, April 1976.

This report, prepared by the Commission Director, Robert T. Hall, sets forth a rationale for developing a national manpower policy framework; it describes many of the interrelationships and interdependencies that exist between manpower and other policies; and it postulates some of the basic principles that should guide the formulation of a national manpower policy. The paper also presents some of the possible manpower

measures and describes generally the ways they can be utilized, including consideration of variations based on different economic circumstances. In addition, the report identifies some of the key policy areas which should be addressed in developing a national manpower policy framework.

The Economic Position of Black Americans: 1976, Special Report No. 9, July 1976.

This special report, prepared for the Commission by Professor Andrew F. Brimmer, reviews the economic experiences of black Americans during the sixties and seventies. It was written originally as a background paper for the American Assembly on "Manpower Goals for American Democracy." The report examines the economic gains made by blacks and also analyzes reasons why many blacks remain in or close to poverty. The report reviews the current labor force trends of blacks, notes the changing structure of the occupational distribution of black workers, and assesses the impact of the Equal Employment Opportunity Commission.

Reexamining European Manpower Policies, Special Report No. 10, August 1976.

This is a report of a European Manpower Policy Conference sponsored by the Commission in June 1976, in Hanzinelle, Belgium. The conference was a continuation of the Commission's efforts to understand more adequately manpower policies being pursued by the Western European nations and their implications for U.S. policy. The conference brought together leading European manpower experts and U.S. representatives to discuss manpower programs and policies developed and expanded as a result of the 1974-76 recession and recovery. Also discussed were methods for coordination of manpower and general economic policies. The report contains the rapporteur's summary and reflections plus fourteen discussion papers written by leading European manpower experts from Belgium, the Federal Republic of Germany, France, the Netherlands, Sweden, and the United Kingdom.

Employment Impacts of Health Policy Developments, Special Report No. 11, October 1976.

This report, prepared for the Commission by Professors Rashi Fein and Christine Bishop, examines the manpower, employment, and training implications of policy developments in the health care industry. It reviews the economics of American medicine during the period since 1950 and examines the structure of employment in the health care industry. Attention is given to the current utilization of professionals and paraprofessionals in health care. Future trends in health care utilization and finance are examined as are their employment and manpower implications. Recommendations were made with respect to ways of improving manpower policy planning and decisionmaking in the health care industry.

Demographic Trends and Full Employment, Special Report No. 12, December 1976.

This special report presents papers prepared for the Commission by three noted social scientists on the relationship between demographic changes and full employment and price stability. Professor Robert Aaron Gordon examines questions relating to the measurement of full employment and public policies designed to achieve the full employment goal; Professor Karl Taeuber analyzes the effects on the labor force of trends in participation rates and migration patterns of minority groups; and Professor Michael Wachter discusses past and future impacts of changing demographic characteristics on the labor force and on unemployment rates.

Directions for a National Manpower Policy: A Report on the Proceedings of Three Regional Conferences, Special Report No. 13, December 1976.

This report provides a summary of the proceedings of three regional conferences on the directions for a national manpower policy held in Atlanta, St. Louis, and San Francisco during the fall of 1976. The purpose of the conferences was to solicit the advice of a broad range of American citizens on the future of manpower policy. Approximately 300 persons participated in the three conferences. They included state and local officials, educators, manpower professionals, labor union officials, representatives of private businesses, and others. The Atlanta conference focused on youth employment problems; the St. Louis conference was concerned with the elements of a manpower policy; and the San Francisco conference concentrated on the manpower services infrastructure.

Directions for a National Manpower Policy: A Collection of Policy Papers Prepared for Three Regional Conferences, Special Report No. 14, December 1976.

This volume contains background papers and speeches prepared for and presented to the three regional conferences on the directions for a national manpower policy. Professors Carolyn Shaw Bell, Charles C. Killingsworth, and Eli Ginzberg, and Congressman Andrew Young explore various aspects of the interrelationship between manpower and economic policies. Bernard Anderson and Ray Marshall discuss rural and urban manpower problems; Sar Levitan, Robert Taggart and Robert Brown consider other issues and elements in the design of manpower policy. William Spring, Donald Clark and Lamond Godwin examine the employment problems of youth. Manpower programs and services are discussed by Eunice Elton, Robert McPherson and Philip Rutledge.

Other Publications

From School to Work: Improving the Transition, Book. April, 1976¹

This volume is a collection of ten policy papers prepared by specialists and one staff report on issues related to youth transition and employment problems. The papers were designed to fill serious conceptual and information gaps which existed in the youth employment arena. The book describes the labor market experiences of noncollege youth; assesses the competences of youth to locate, obtain and perform adult-type work; reviews the youth hiring practices of three large corporations; and examines the impact of training and employment programs on youth. It also reports on community efforts to link education and work, informational and counselor needs in the transition process, the potential impact of apprenticeship programs, problems faced by rural youth, and the policy initiatives of certain European nations in dealing with youth transition problems.

Employability, Employment, and Income: A Reassessment of Manpower Policy. Book. August 1976.²

This book was written at the request of the Commission by Dr. Garth Mangum of the University of Utah. Dr. Mangum was asked to review the history and development of manpower policy in the United States and to provide a general reassessment that would assist the Commission in formulating proposals for a national manpower policy. The author begins this book by defining manpower policy, its scope and its interrelationships

¹ Available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Stock No. 040-000-00364-9. Price \$3.00.

² Available from the publisher, Olympus Publishing Company, Salt Lake City, Utah 84105.

with other social welfare policies. The book examines the demographic, social and economic forces which have influenced past and present policies, the programs that have resulted from them and their effectiveness. The book also reviews the fundamental principles of labor market theory and examines the relationship between the theory and the formulation and implementation of policy. Building upon an analysis of future demographic, labor force and economic trends, the author considers what can be expected of manpower policy and ways in which its aims can be better achieved. The book concludes with the author's recommendations for improving and making more effective the present array of manpower policies and programs.

Jobs for Americans, Book, September 1976.³

This volume edited by Eli Ginzberg contains eight papers prepared for the Commission on the topic of "Manpower Goals for American Democracy." These papers deal with three principal themes. The first is the determination of the responsibility of the federal government in creating jobs and how this responsibility can be more effectively discharged. The second theme is the extent to which public and private sector policies should be shaped to eliminate serious labor market malfunctions, especially with respect to women, minorities and other disadvantaged groups. The final theme deals with the limits of an expanded jobs program and the extent to which society must resort to other devices to enable people to enjoy a more satisfactory life with a wider range of options. Around these three themes, the eight authors identify and develop a number of the critical issues which are involved in manpower policy.

³ Available from the publisher, Prentice-Hall, Inc., Englewood Cliffs, New Jersey 07632.

APPENDIX C

Report of Commission Activities 1975-1976

I. INTRODUCTION

The purpose of this report is to provide an account of the Commission's stewardship of its resources during the past two years. The report gives an overview of the Commission's establishment and its major activities and accomplishments during this period. In addition, the Commission's staffing structure and sources and utilization of funds are discussed.

II. BACKGROUND

The National Commission for Manpower Policy was created by Title V of the Comprehensive Employment and Training Act of 1973 (CETA). Established as a permanent body, the Commission has broad responsibilities for providing advice on manpower and employment policies and programs to the President, the Congress, the Department of Labor, and other federal agencies having manpower responsibilities.

By law, the Commission is composed of 17 members—six heads of federal agencies and 11 public members appointed by the President of the United States. Federal members of the Commission are the Secretaries of Defense, Agriculture, Commerce, Labor, Health, Education and Welfare, and the Administrator of Veterans Affairs. Public members of the Commission are broadly representative of labor, industry, commerce, education, state and local elected officials concerned with manpower programs, persons served by manpower programs and the general public. The public members of the Commission were appointed by President Ford on September 30, 1974. Dr. Eli Ginzberg of Columbia University, a public member, was designated as Chairman.

The Commission held its initial organizational meeting in November 1974. Its first substantive meeting was held in January 1975. On that day, the Commission first met with President Ford at the White House. The President expressed his desire that the Commission give special attention to the employment problems of youth—an item that has been high on the Commission's agenda throughout its existence.

Although the Commission was created as an independent governmental entity, it operates through an administrative support relationship with the Department of Labor. Under a Memorandum of Understanding concluded between the Secretary of Labor, John Dunlop, and the Commission's Director, dated March 20, 1975, the Department provides a wide range of services and support to the Commission.

III. MAJOR COMMISSION ACTIVITIES

The Commission has moved on a number of fronts in pursuing its mission to identify the manpower goals and needs of the nation and to develop a framework for a national manpower policy. It has sought the advice and recommendation of all sectors of society; it has attempted to keep abreast of developments in manpower policy in other nations; and, through its publications program, it has tried to both stimulate and inform a national discussion on manpower problems and policies.

In attempting to achieve these objectives, the Commission holds regular formal meetings for the deliberation of major policy decisions and recommendations and it sponsors special conferences devoted to both general and specialized subject matters. The Chairman, the Commission members, the Director, and staff members appear at and participate in conferences and meetings of other organizations.

The Commission staff has conducted field work during the past two years making visits to state and local manpower regional offices of the Department of Labor and HEW to carry out legislated responsibilities to study ways of improving the coordination of manpower and related programs.

To date, the Commission has held seven formal meetings. (See Addendum 1 for a list of meetings and dates). Following six of the seven meetings, policy reports were developed and issued either as interim reports to the President and Congress or as Commission Annual Reports. During the past two years, the Commission has sponsored or cosponsored 16 special conferences devoted to a variety of manpower policy and program issues. Two of the conferences were international conferences; one was held in the United States and the other was held in Europe. Nine of the special conferences led to the development of special reports and others served as background or "input" to other reports. (See Addendum 2 for a list of conferences).

The Commission has sought advice and assistance from a range of authorities in the fields of manpower, economics, and education. It has commissioned close to 46 papers by experts in these fields. The papers have ranged from relatively short policy papers to book length treatments of major subjects. Some have appeared as Commission special reports, others have been published as sections of larger works and one has been published as a book by a commercial publishing company. (See Addendum 3 for a list of commissioned works).

Since his designation as Chairman, Dr. Ginzberg has participated actively in Congressional deliberations concerned with manpower and employment. He has advised the Chairman, ranking minority members, and senior staff of both House and Senate Committees having jurisdiction over manpower, employment, and economic matters, and he has given testimony on manpower and employment legislation on a number of occasions. The Committees to which he has given testimony include:

- House Select Committee on Manpower, Compensation, Health, and Safety (two appearances);
- Senate Subcommittee on Employment, Poverty, and Migratory Labor; and
- Joint Economic Committee (JEC).

Chairman Ginzberg also participated in the JEC's National Conference on Full Employment, held in March 1976 on the occasion of the Thirtieth Anniversary of the Employment Act of 1946.

The Commission Director, Robert T. Hall, with assistance from the staff provided support for the preparation of U.S. position papers for the Organization for Economic Cooperation and Development (OECD) Ministerial conference to review manpower issues and policies and to revise that international organization's manpower policy statement for guidance to its member countries. The Director participated as part of the U.S. delegation to the conference, which was headed by Secretary of Labor Usery, and which was attended by the Ministers of Labor from the other 21 member industrialized countries. The Director has also participated in other meetings of the OECD's Manpower and Social

Affairs Committee. In addition to these formal meetings, Mr. Hall also has conferred with manpower authorities in the Netherlands, Sweden, and the United Kingdom.

As one result of the activities described, the Commission had developed and issued five policy reports and 14 special reports. In addition, three other special publications have been prepared for the Commission. See Appendix C for an annotated listing of these reports.

External communications are a critical part of the Commission's activities. A mass distribution system has been established which includes an automated mass-mailing process for more than 1,000 organizations and individuals who have expressed an interest in receiving Commission publications. In addition, there is a special distribution system that is designed to get publications quickly into the hands of key officials. There are special provisions for the media and the official U.S. Government Depository Libraries, public interest groups, and manpower officials.

IV. COMMISSION ORGANIZATION AND STAFFING

Organization

The Commission established a working group system as a means of organizing its work. Each working group is chaired by a Commission member and consists of two or more Commission members. Staff members are assigned to provide support for each working group. The present working groups are:

- I. Coordination of Manpower Training and Associated Programs, chaired by Honorable John V. N. Klein
- II. Income Maintenance and Welfare, chaired by Dr. Milton Rock
- III. Economic Policy and Jobs, chaired by Dr. Juanita Kreps
- IV. Manpower Resources and Requirements, chaired by Dr. John Porter
- V. Transition from School to Work, chaired by Dr. Ginzberg

Staffing

The Commission has a small base-staffing complement consisting of eight permanent full-time positions, four professional and four support staff. The base staff is augmented with persons detailed from other federal agencies, part-time staff, temporary staff (including consultants), and persons serving with the Commission on its CETA Fellowship Program (described below). The staff operates on a project-team basis with a permanent staff member serving as project manager and as staff group leader for one of the Commission's working groups.

During 1976 the permanent staff has consisted of:

- Robert T. Hall, who has been Director of the Commission since its inception
- Robert G. Ainsworth, Working Group Staff Leader
- Everett Crawford, Working Group Staff Leader
- Ellen Calhoun, Secretary to Director

- Margaret Corsey, Secretary
- Deloris Norris, Secretary
- Andra Rebar, Administrative Officer/Office Manager
- Sarah Pittman, Secretary

Other staff who were detailed to the Commission:

- James F. Brawley, Department of Agriculture
- Anna Goddard, Department of Labor
- Harvey Lincoln, Department of Labor
- Jerome Pikulinski, Department of Labor
- Myra Jo VanWely, Department of Labor

Consultants and temporary employees:

- Robert R. Behlow
- Karen Calveric
- Carla D'Arista
- William Delaney
- Frazier Kellogg
- Allen LeBel
- Gregory Smith

CETA Fellowship Program

With financial support from the Department of Labor, the Commission established a CETA Fellowship Program which employs the Intergovernmental Personnel Act personnel exchange provisions to bring into the Commission on a temporary basis, employees of CETA funded state and local manpower programs.

The objective of the CETA Fellowship Program is two-fold. The first is to bring into the Commission people who have first-hand experience with the planning and operation of manpower programs so as to provide the Commission with insights into "real world" problems.

The second is to provide an opportunity for young people from the states and local CETA prime sponsors to gain experience at the Washington level of the federal system. The program has worked well, it has proved to be mutually beneficial to the CETA Fellows and to the Commission.

The 1975-76 CETA Fellows include:

Carol A. Hollon:	Senior Research Analyst New York State Manpower Planning Secretariat Albany, New York
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Patrick W. Moore:	Director Mid-Willamette Valley Manpower Consortium Salem, Oregon
Patrick J. O'Keefe:	Supervisory Labor Market Analyst New Jersey State Manpower Services Council Trenton, New Jersey
Morris X. Winn:	Manpower Planner Office of the Governor Division of Planning Coordination Austin, Texas

V. COMMISSION FUNDING

The Commission's operational funds are provided through the Department of Labor's CETA budget. In consultation with the Chairman, the Director negotiates a budget for the Commission with the Department of Labor, which then transfers the agreed-upon amount from general CETA funds to a special Commission allotment within the Department's financial accounts. In addition to operating funds, the Employment and Training Administration has made available to the Commission some CETA Technical Assistance and Training funds. The bulk of these funds are used to support the CETA Fellowship Program (discussed above) and the remainder is used for other related special activities of the Commission.

To further support Commission studies and research, an agreement has been reached with the Employment and Training Administration, USDOL, whereby some research funds have been set aside to support individual projects or studies. Proposals for specific studies are submitted by the Commission to the Employment and Training Administration. These studies include such items as:

- (1) A special analysis related to an ongoing longitudinal study involving the dynamics of labor force behavior;
- (2) A series of demographic, labor force, and employment trend studies.

The Commission is authorized to accept gifts or bequests to carry out its responsibilities. This nongovernmental financial support received to date includes grants from the Ford Foundation, the Rockefeller Brothers Fund, the Robert Wood Johnson Foundation, Carnegie Corporation, and the German Marshall Fund of the United States. These funds are for the general support of the Commission's activities, largely for contracting for outside experts and expert assistance. The Johnson grant is specifically for work in the health manpower and related areas, the German Marshall Fund grant was for the European Manpower Policy Conference, and the Carnegie Corporation grant is used for support of youth projects and activities.

MEETINGS OF THE NATIONAL COMMISSION FOR MANPOWER POLICY

1. *November 14, 1974* - The first meeting of the Commission concerned organizational matters and a review of the Commission's statutory charge. The Commission's work plans and activities for the coming year were also discussed and approved.
2. *January 22, 1975* - The Commission met with the President prior to its regular meeting. The second meeting dealt with issues arising from the sharp increase in unemployment and their implications for national manpower policy. Other matters which received the Commission's attention were reports of the working groups appointed to consider ways of improving the coordination of manpower training programs and to assess national manpower resources and requirements. The first interim report, *The Challenge of Rising Unemployment*, resulted from recommendations approved at this meeting.
3. *May 21, 1975* - The main topics at the third meeting were the issues of a strengthened public service employment program and other forms of job creation. Other matters discussed were a review of the economic and employment situation, including an assessment of the summer youth effort and the interface of energy policies on employment and manpower. The second interim report, *Public Service Employment and Other Responses to Continuing Unemployment*, resulted from this meeting.
4. *September 18, 19, 20, 1975* - This meeting was held at Airle House, Warrenton, Virginia. The major emphasis were the policy recommendations for the First Annual Report to the President and the Congress. Particular focus was on public works, unemployment insurance, manpower program coordination, and an assessment of selected manpower efforts.
5. *March 24-25, 1976* - The fifth meeting concerned discussion of several proposals for meeting continuing unemployment, public job creation, and the private sector's manpower role. Also, deliberations were continued on the possible use of UI as a manpower system, selected industry manpower issues, and an outline of a national manpower policy framework.
6. *October 21, 22, 23, 1976* - The main focuses of the sixth meeting of the Commission were the policy recommendations for the Second Annual Report to the President and the Congress. Major emphasis was on interim and long term targets for expanding employment and reducing unemployment, youth employment needs, and strengthening the training base.
7. *December 1-2, 1976* - The most recent meeting of the Commission consisted of final discussion and approval of policy recommendations to appear in the Second Annual Report to the President and the Congress.

COMMISSION SPONSORED CONFERENCES

1. Conference on Public Service Employment, April 21, 1975, Washington, D.C.
2. Energy Manpower Meeting, April 28, 1975, Washington, D.C.
3. Field Conference on Manpower Program Coordination, Minneapolis, Minn. July 1975.
4. Field Conference on Manpower Program Coordination, San Francisco, Calif. July 1975.
5. Youth Transition from School to Work, August 15, 1975, Washington, D.C.
6. Conference on the Role of the Business Sector in Manpower Policy, October 22-23, 1975, Washington, D.C.
7. Joint International Manpower Conference, November 5-6, 1975, Belmont, Maryland.
8. Conference on Employment Problems of Low Income Groups, January 15, 1976, Washington, D.C.
9. Conference on Labor's Views on Manpower Policy, January 28, 1976, Washington, D.C.
10. Conference on the Transition of Youth from School to Work, February 25, 1976, Washington, D.C.
11. Conference on Manpower Research and Policy, February 26-27, 1976, Washington, D.C.
12. Manpower Goals for American Democracy conference conducted by American Assembly, May 20-23, 1976, Arden House, Harriman, New York.
13. European Manpower Policy Conference, June 9-11, 1976, Hanzinelle, Belgium.
14. Eastern U.S. Regional Conference on Directions for a National Manpower Policy, September 22-24, 1976, Atlanta, Georgia.
15. Central U.S. Regional Conference on Directions for a National Manpower Policy, October 6-8, 1976, St. Louis, Missouri.
16. Western U.S. Regional Conference on Directions for a National Manpower Policy, October 13-15, 1976, San Francisco, California.

COMMISSIONED WORKS

<i>Youth Transition to Work: The Problem and Federal Policy Setting</i>	Paul E. Barton
<i>The Youth Labor Market</i>	Marcia Freedman
<i>Labor Market Experience of Noncollege Youth: A Longitudinal Analysis</i>	Herbert S. Parnes and Andrew I. Kohen
<i>The Competencies of Youth</i>	Ralph Winfred Tyler
<i>Employment and Training Programs for Youth</i>	Robert Taggart
<i>Community Efforts to Link Education and Work</i>	Dennis Gallagher
<i>Informational and Counselor Needs in the Transition Process</i>	Seymour L. Wolfbein
<i>Apprenticeship: A Potential Weapon Against Minority Youth Unemployment</i>	Ernest G. Green
<i>Problems of Rural Youth</i>	F. Ray Marshall
<i>Foreign and American Experience with the Youth Transition</i>	Beatrice G. Reubens
<i>In Pursuit of Full Employment</i>	Moses Abramovitz
<i>Macro-policy and Full Employment</i>	Robert Solow
<i>Conflicting National Goals</i>	Arthur M. Okun
<i>Manpower Policies and Demand Management</i>	Lloyd Ulman
<i>Reducing the Pervasiveness of Discrimination</i>	Barbara R. Bergmann
<i>Economic Growth and Employment and Income Trends Among Black Americans</i>	Andrew F. Brimmer
<i>Employment Versus Income Maintenance</i>	Robert J. Lampman
<i>Some Time Dimensions of Manpower Policy</i>	Juanita M. Kreps
<i>Creation of Jobs for the Unemployed</i>	Sar A. Levitan
<i>The Role of Public Service Employment in Federal Unemployment Policy</i>	Robert E. Hall
<i>Public Service Employment—"Compared to What?"</i>	Richard P. Nathan
<i>Public Service Employment: Boon or Boondoggle?</i>	Alan E. Fechter

<i>The Summary of PSE Conference Discussion and Summary of NCMP Meeting</i>	David Lewin
<i>Recent European Manpower Policy Initiatives</i>	Charles D. Stewart
<i>Approaching Job Creation</i>	Jerry Brady
<i>Employability, Employment and Income: A Reassessment of Manpower Policy</i>	Garth L. Mangum
<i>Corporate Personnel Policies During High Unemployment</i>	Jerome Rosow
<i>The Labor Market and Manpower Policy Implications of Illegal Immigration</i>	Michael J. Piore
<i>Employment Impacts of Health Policy Developments</i>	Rashi Fein and Christine Bishop
<i>Relationship Between Unemployment Insurance and Individual Development: Promise and Problem</i>	Paul E. Barton
<i>Choices for the Future for Human Resource Policy</i>	Richard P. Nathan
<i>Demographic Trends Affecting the Future Labor Force</i>	Karl E. Taeuber
<i>Another Look at the Goals of Full Employment and Price Stability</i>	Robert A. Gordon
<i>The Demographic Impact on Unemployment: Past Experience and the Outlook for the Future</i>	Michael L. Wachter
<i>Technical Assistance and Training in Manpower: Observations on the State of Art</i>	John Miller
<i>State Manpower Services Councils: A Field Study Assessment</i>	Curtis Aller and Richard R. Kropp
<i>Trends in Manpower Planning</i>	David Snedeker
<i>Summary Report of the European Manpower Conference</i>	Kurt Lewin, The Netherlands
<i>Recent Trends in Western Economies</i>	Gosta Rehn, Sweden
<i>Exchequer Costs of Unemployment</i>	Santosh Mukherjee, United Kingdom
<i>Alternatives to Unemployment: With Particular Reference to the Experiences of the Federal Republic of Germany in 1974-1976</i>	Ursula Englen-Kefer, Federal Republic of Germany
<i>French Employment Policy During 1974-1976</i>	Jean-Pierre Dumont, France

A Trade Union View of Labor Market Measures in the United Kingdom

John Monks,
United Kingdom

Pushed Out of the Cookoo's Nest: The Preference for Young Over Older Workers in Belgian Social and Economic Policy in Times of Recession

Jef van Langendonck,
Belgium

Sector Policy: The Case of Swedish Shipbuilding

John Ekstrom,
Sweden

The Netherlands' Interdepartmental Committee on Labor Policy

W. A. Renardel de
Lavalette,
The Netherlands

REPORTS OF THE NATIONAL COMMISSION FOR MANPOWER POLICY

- An Interim Report to the Congress of the National Commission for Manpower Policy: *The Challenge of Rising Unemployment*, Report No. 1, February 1975.
- An Interim Report to the Congress of the National Commission for Manpower Policy: *Public Service Employment and Other Responses to Continuing Unemployment*, Report No. 2, June 1975.
- First Annual Report to the President and the Congress of the National Commission for Manpower Policy: *Toward a National Manpower Policy*, Report No. 3, October 1975.
- An Interim Report to the President and the Congress of the National Commission for Manpower Policy: *Addressing Continuing High Levels of Unemployment*, Report No. 4, April 1976.
- Second Annual Report to the President and the Congress of the National Commission for Manpower Policy: *An Employment Strategy for the United States - Next Steps*, Report No. 5, December 1976.
- *Proceedings of a Conference on Public Service Employment*, Special Report No. 1, May 1975.
- *Manpower Program Coordination*, Special Report No. 2, October 1975.
- *Recent European Manpower Policy Initiatives*, Special Report No. 3, November 1975.
- *Proceedings of a Conference on the Role of the Business Sector in Manpower Policy*, Special Report No. 4, November 1975.
- *Proceedings of a Conference on Employment Problems of Low Income Groups*, Special Report No. 5, February 1976.
- *Proceedings of a Conference on Labor's Views on Manpower Policy*, Special Report No. 6, February 1976.
- *Current Issues in the Relationship Between Manpower Research and Policy*, Special Report No. 7, March 1976.
- *The Quest for a National Manpower Policy Framework*, Special Report No. 8, April 1976.
- *The Economic Position of Black Americans: 1976*, Special Report No. 9, July 1976.
- *Reexamining European Manpower Policies*, Special Report No. 10, August 1976.
- *Employment Impacts of Health Policy Developments*, Special Report No. 11, October 1976.
- *Demographic Trends and Full Employment*, Special Report No. 12, December 1976.
- *Directions for a National Manpower Policy: A Report on the Proceedings of Three Regional Conferences*, Special Report No. 13, December 1976.
- *Directions for a National Manpower Policy: A Collection of Policy Papers Prepared for Three Regional Conferences*, Special Report No. 14, December 1976.

OTHER PUBLICATIONS PREPARED FOR THE NATIONAL COMMISSION
FOR MANPOWER POLICY which may be obtained from the publishers
at the addresses indicated below:

- *From School to Work: Improving the Transition*, Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, August 1976. Stock No. 040-00364 9. Price \$3.00.
- *Employability, Employment and Income: A Reassessment of Manpower Policy*, Olympus Publishing Company, Salt Lake City, Utah 84105, September 1976.
- *Jobs for Americans*, Prentice Hall, Inc., Englewood Cliffs, New Jersey 07632, October 1976.